

# Management

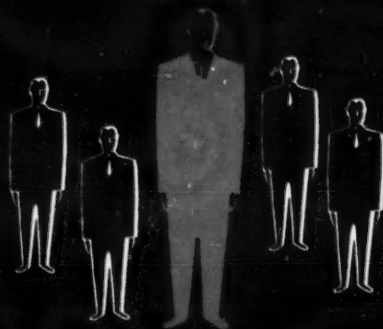
BUSINESS ADMINISTRATION  
LIBRARY

## METHODS

OCT 12 1960

OCTOBER 1960

PRACTICAL SOLUTIONS TO ADMINISTRATIVE PROBLEMS



# WHO MAKES THE DECISIONS TO BUY IN BUSINESS?

SPECIAL RESEARCH REPORT

## STOP

rackets & gyms  
that cheat  
employees

Is now the time  
to **LOOK** at  
a company  
plane?

## LISTEN!

an expert talks  
about pitfalls  
in plant site  
selection

SEE COMPLETE  
CONTENTS ON  
PAGE 2



*Wood parts made with precision form a background for the quantity production of the Template Group by the Leopold Company*



## The Template Group by Leopold: High styled furniture for every office

Conceived in the architectural thinking of today, The Template Group blends sharp contrasts of form with a delightful interplay of proportions. The fully skirted, or closed desks appear chunky —almost boxy. This massiveness, however, is offset by the light lines of the metal legs, which hold it off the floor. Further lightness is accomplished by "lifting" the top from the blockish mass of drawer cases with a narrow band of color. Every component is completely functional by itself, or in combination with others. Surface, drawer and cabinet arrangements may be planned to suit individual requirements. You may see the many modular components of The Template Group at your Leopold dealer's showroom. He will be pleased to help you in your complete office design.

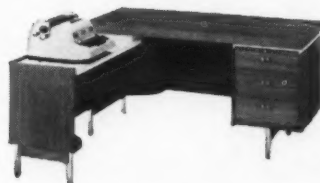
THE LEOPOLD COMPANY, BURLINGTON, IOWA



Executive L desk with 44" return, pedestals right or left side.



Conference desk with free form or rectangular overhanging top.



Bi-level L desk, 30" return, with or without paper rail.



Bi-level L desk, 44" return, with or without paper rail.

*Designer: Charles Deaton*

OCTOBER 1960

(Circle number 137 for more information)



October 1960

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## Coming next month

If you aren't doing business with Europeans now, you will be soon. In the coming "one world" of business, the European manager will be a valuable partner—or formidable opponent. To deal with him, you must understand him. Next month, **MANAGEMENT METHODS** presents the key facts about European managers, written by an executive who has studied businessmen all over the Continent.

Also, there will be a fact filled article on air freight, prepared by the **MANAGEMENT METHODS** Research Staff. It tells who is—and who isn't—using air freight, plus the reasons why.

## Subscriptions

In United States and Possessions, one year \$5.00; two years \$9.00. Canada and Mexico one year \$6.00. Foreign subscriptions \$10.00. Single copies \$.75. When possible, back issues or tearsheets of articles will be provided. Enclose \$1.00 for each back issue and \$.50 for each back article requested, to cover costs of handling.

## Change of address

To insure continuous service, send your new address (and moving date) 45 days before moving. Include old address as it appeared on previous issues (if possible send label from magazine). Do not depend on the post office to forward either the change of address or your magazine. **Management Methods** is a registered trademark. ® Registered trademark.

Whatever **PARTICULAR PEOPLE** move  
they call the man from

# BURNHAM VAN

Moving irreplaceable art pieces, as is the handling of sensitive and expensive office equipment, is a job for professionals... men trained and experienced in the custom moving of items, unusual in value and delicate in construction. Handling and loading must be done with care and skill... with vans customer designed and equipped for the job. *It's your privilege... be particular...* call the man from Burnham Van. He's listed in the Yellow Pages.

Customer-designed service to all states  
®



© 1960 BURNHAM VAN SERVICE, INC.



BURNHAM VAN SERVICE, INC., COLUMBUS, GA.

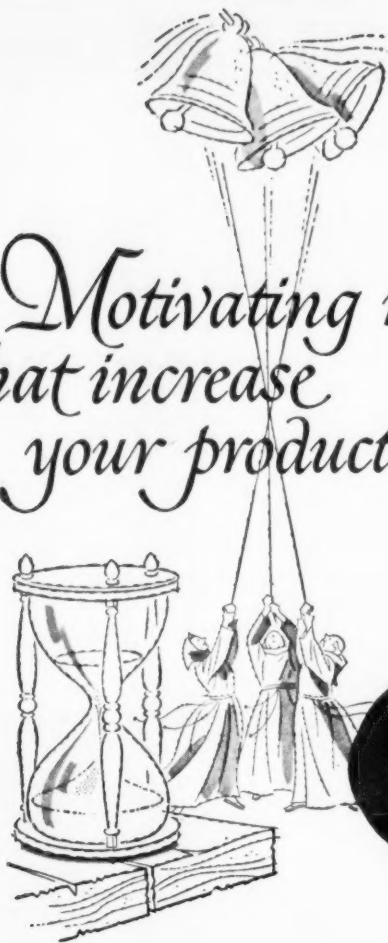
(Circle number 110 for more information)

AGENTS

Find the man  
from Burnham Van in  
the Yellow Pages



# Motivating minutes that increase your production



**Muzak reduces error rate**  
by reducing tension caused  
by boredom and fatigue.

**Muzak increases production:**  
"Production increased 16½%  
after the installation of Muzak,"  
says George B. Long, president  
of J. Strickland & Company, Memphis.



**Muzak reduces tardiness,**  
absenteeism and employee  
turnover because it makes  
jobs more interesting and  
helps work go better.

Because timing of music was so important to the monks of Chartres Cathedral, one of them invented the hourglass so their special music would always be heard at specific times. Today, *timed*, minute-by-minute programming of music is even more important for the motivation of office and factory workers.

That is why Muzak's special music is always programmed throughout the work day at exactly the right times—minute-by-minute—to offset boredom, fatigue and tension. Its results can be measured in increased production, lessened worker tension, error rate, tardiness and absenteeism. For example, at J. Strickland & Company, leading cosmetic manufacturer of Memphis, Tenn., production increased 16½% after the installation of Muzak.

Based on 25 years of psychological research, Muzak's unique work-motivating music programming formula is copyrighted, and only Muzak shows scientifically measured proof of its benefits.

In 216 localities in the U.S., and other places throughout the world, there are Muzak specialists who survey, estimate, install and service Muzak equipment. Whatever your problem, they can help you to solve it.

(Circle number 146 for more information)

*Write for the unique book, "Music and Muzak," with its detailed information on work-motivation music as an investment for profits which should be working for you. Muzak Corporation, 229 Park Avenue South, New York 3, N.Y.*

## Muzak®

*an International Company in the Jack Wrather Organization*

UNITED STATES • CANADA • MEXICO • BRAZIL • ARGENTINA  
PERU • GREAT BRITAIN • BELGIUM • THE PHILIPPINES

# NEW GOLD STAR FILES... by Wright

## 20 DRAWER

Full Suspension

CAPACITY

535 filing inches  
(80,250 cards)

### PRICE

Without lock Cat. #1380-11 \$235.00  
With lock Cat. #1380-12 \$245.00

## 20 DRAWER

Three-Quarter Suspension

CAPACITY

535 filing inches  
(80,250 cards)

### PRICE

Without lock Cat. #1375-11 \$169.50  
With lock Cat. #1375-12 \$178.50

## 4 DRAWER

Three-Quarter Suspension

CAPACITY

107 filing inches  
(16,050 cards)

### PRICE

Without lock Cat. #1390-11 \$59.50  
With lock Cat. #1390-12 \$66.50

## 12 DRAWER

Three-Quarter Suspension

CAPACITY

231 filing inches  
(48,150 cards)

### PRICE

Without lock Cat. #1385-11 \$115.75  
With lock Cat. #1385-12 \$123.75

All new three-quarter and full suspension files, designed and built by the leaders in the data processing accessory equipment field. This line includes all the features our customers have asked for through the years. They are quality files, economically priced.

The tray which fits all files is the basic part of the new line. It gives positive compression, is light in weight and

high sided to protect the cards. Full card labeling and self-stacking too.

In addition to the files shown, a new transfer file will be added soon, to give you the best, but least expensive storage for your inactive records. The same tray will be used.

Send for a brochure giving complete details on the new Gold Star line or call your local Wright office.

Prices F.O.B. Worcester

**THE Wright LINE** DATA PROCESSING ACCESSORY EQUIPMENT AND ROTARY FILES

THE WRIGHT LINE, INC., 160 GOLD STAR BLVD., WORCESTER 6, MASS.

BRANCH OFFICES: Albany, Atlanta, Austin, Birmingham, Boston, Buffalo, Charlotte, Chicago, Cincinnati, Cleveland, Columbus, Dallas, Denver, Des Moines, Detroit, Elizabeth, N.J., Grand Rapids, Hartford, Houston, Indianapolis, Jacksonville, New Orleans, Kansas City, Mo. Little Rock, Los Angeles, Miami, Milwaukee, Minneapolis, New York City, Philadelphia, Phoenix, Pittsburgh, Richmond, Rochester, St. Louis, San Antonio, San Diego, San Francisco, Seattle, Syracuse, Tulsa, Washington, D.C.

THE WRIGHT LINE OF CANADA LTD. Main Office and Warehouse Scarsdale Road, Don Mills, Ontario.

BRANCH OFFICES: Montreal, Vancouver, Calgary, Edmonton, Winnipeg, Ottawa, London and Regina.

**This telephone man may  
hold the key to bigger  
profits for your business!**



*He's your Bell Telephone Communications Consultant...  
trained to help you boost efficiency, cut costs and increase sales*

**"That sounds like a large order."**

It is—but he's doing it for firms like yours every day. Tailoring communications to the exact needs of a business is his specialty. He represents the largest, most experienced communications corporation in the world.

**"Will he tell me how to run my business?"**

No—but he'll show you how practical, up-to-date communications can help you run it more efficiently and profitably. He'll study your business operations, the layout of your premises and your present communications. Then he'll make his recommendation.

**"Will he try to sell me more equipment?"**

If you need it—yes. He may end up merely showing you how to use the equipment you *have* to better advantage. But Bell System research has produced some outstanding new equipment and systems, such as the Call Director telephone at the right. If there's a place for them in your business—if they can definitely improve your operations and your profit picture—you'll *want* them.

**"How can I meet with this man?"**

Just call your Bell Telephone business office. The Communications Consultant will visit you at your convenience.

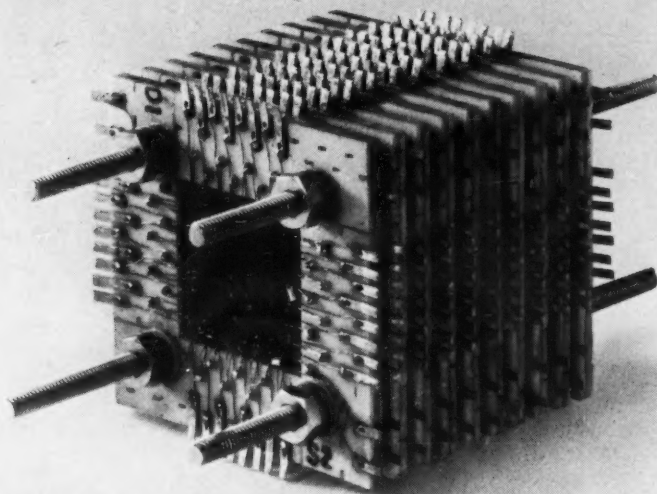


The new Call Director telephone, with Bell System intercom, lets you add other people to calls on your line, set up telephone conferences, hold calls—puts as many as 29 outside, extension or intercom lines at your fingertips. Thousands of firms already have it.

**BELL TELEPHONE SYSTEM**





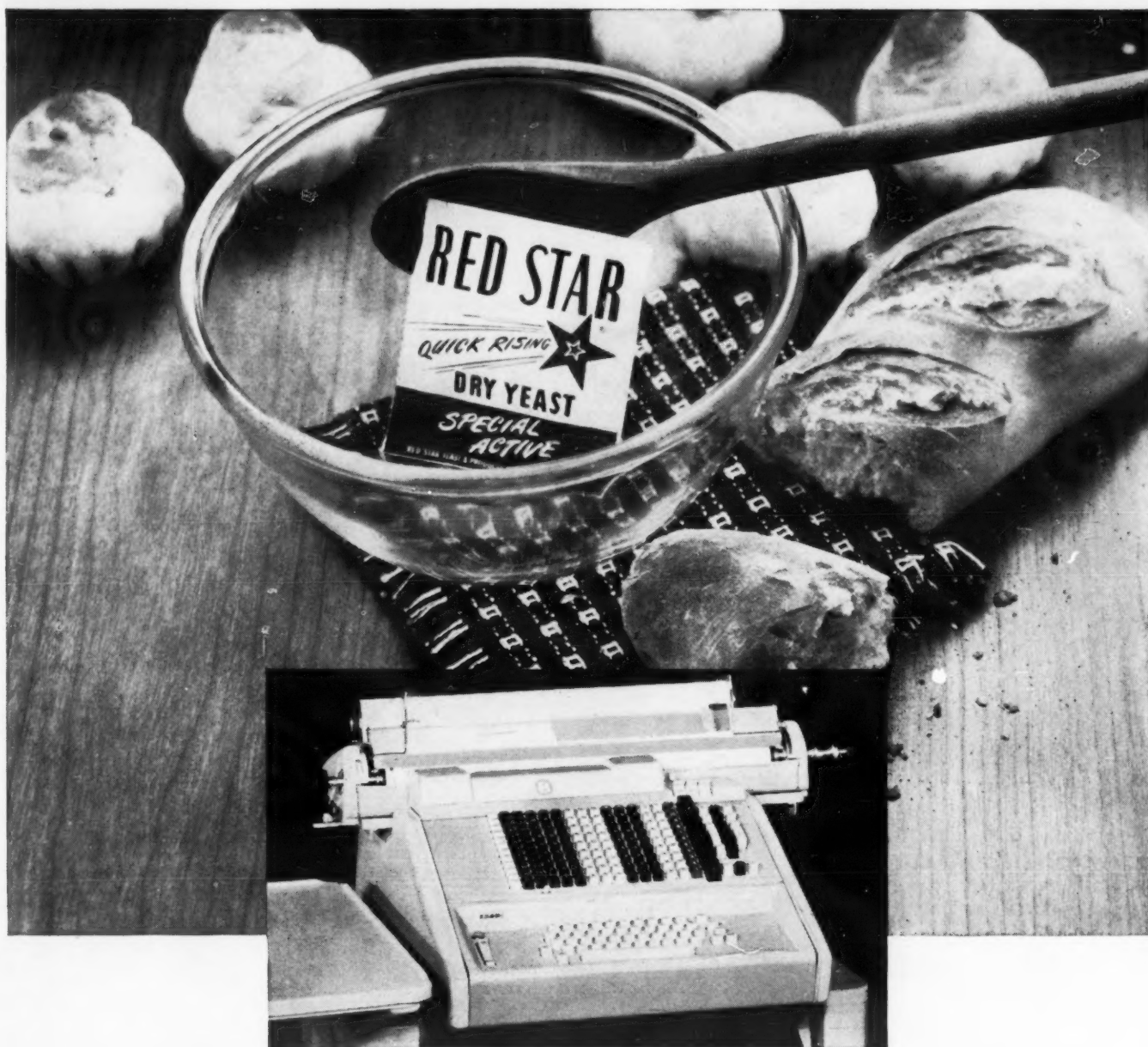


**This is the Control Memory**, an exclusive feature of the Honeywell 800 Transistorized Data Processing System. It is only  $2\frac{1}{4}$  inches long,  $2\frac{1}{4}$  inches wide and  $2\frac{1}{4}$  inches deep, but its capabilities are heroic. Its design logic empowers Honeywell 800 to run off 8 major jobs simultaneously — each one starting and stopping independently. It supersedes the costly, complicated master programs or schedule of priorities required by conventional transistorized systems. To learn more about its accomplishment (Automatic Parallel Processing) and the many other design "firsts" of Honeywell 800, just write to Minneapolis - Honeywell, Datamatic Division, Wellesley Hills 81, Mass.

## Honeywell



*Electronic Data Processing*



## BURROUGHS ACCOUNTING MACHINES REDUCE POSTING TIME 30% AT RED STAR YEAST & PRODUCTS CO.

**The scene:** The Milwaukee, New Orleans and Oakland manufacturing plants of 78-year-old Red Star Yeast & Products Co. **The jobs:** Accounts payable, accounts receivable and general ledger, including check writing and expense distribution for the 3 plants and 84 branch offices. **The equipment:** Burroughs F-1503 Alphanumeric Accounting Machines. **The results:** in the words of Treasurer Leslie Aspin, "Considerably faster monthly closings, largely as a result of the increased speed and accuracy of our Burroughs machines. A 30% reduction in posting time. Provision for growth capacity without additional personnel."

Burroughs—TM



Remember the exhibition, Los Angeles, Calif., November 1-4. We'll see you there!

Burroughs data processing equipment ranges from accounting machines to complete electronic computer systems. It's supported by outstanding systems knowledge and known for outstanding results in businesses of every size. For details, action—and results—call our nearby branch now. Or write Burroughs Corporation, Detroit 32, Michigan.



# Burroughs Corporation

"NEW DIMENSIONS / in electronics and data processing systems"

(Circle number 111 for more information)



# Your Company's Most Valuable Asset Never Appears On This Statement!

BRADFORD MANUFACTURING COMPANY AND SUBSIDIARY COMPANY		CONSOLIDATED BALANCE SHEETS DECEMBER 31, 1959	
<b>ASSETS</b>		<b>LIABILITIES</b>	
Current assets:		Current liabilities:	
Cash		Notes payable	
Accounts receivable, less allowance for doubtful accounts		Accounts payable	
Inventories at the lower of cost or market		Federal and Canadian taxes on income	
Total		Wages, other taxes and expenses	
Investment in Canadian subsidiary, at cost		Total	
Property, plant and equipment, at cost:		Long-term debt:	
Land and improvements		Promissory notes, 4½%, unsecured, due in semiannual installments	
Buildings, machinery and equipment		1971, less amounts due within one year	
Construction in progress		Notes payable to bank, due June 30, 1961	
Less, Accumulated depreciation		Minority interest in subsidiary	
Prepaid expenses and deferred charges		<b>CAPITAL</b>	
		Capital stock (Note 4):	
		50% cumulative preferred stock, par value \$50	
		authorized, issued and outstanding	
		Common stock, par value \$5 per share, authorized, issued and outstanding	
		1,503,560 shares issued and outstanding	
		Earned surplus	



IN RECENT YEARS, there has been much talk about "automation," "push-button production," and "miracle machines."

So much, in fact, that there is a tendency to forget this truism: PEOPLE are a company's most valuable asset . . . particularly managerial people.

There are, of course, a number of programs whose objective is to prepare men for responsible positions. But, they are often narrowly specialized. Many do not include the vital field of middle-management men.

Others concentrate wholly on developing leadership qualities—"human skills" such as speaking, reading, report writing, conferring and decision-making.

While it's obviously important to encourage the growth of leadership qualities, it's only *half* the job. All too often the real core of the problem—which is to provide training in the basic principles of business—is ignored.

Surely, learning how the business is run should be the starting point in any management development program.

The Institute's "Conference Management Training Plan" has met with extraordinary success in a number of companies because it combines business administration with the development of human skills. Perhaps our balanced approach to developing managers would be equally helpful to your company.

For company officials who have top level responsibility for developing managers . . . and for staff men directly charged with the coordination and control of management development . . . we have prepared a special booklet describing the "Conference Management Training Plan." It illustrates the plan in action, discusses study material, participants, use of the conference method, objectives, and suggests ways the Plan might fit into your company's management development activities.

For your copy, simply write Mr. James M. Jenks, Vice President, Alexander Hamilton Institute Dept. 259, 71 West 23rd Street, New York 10, N. Y. No obligation, of course.

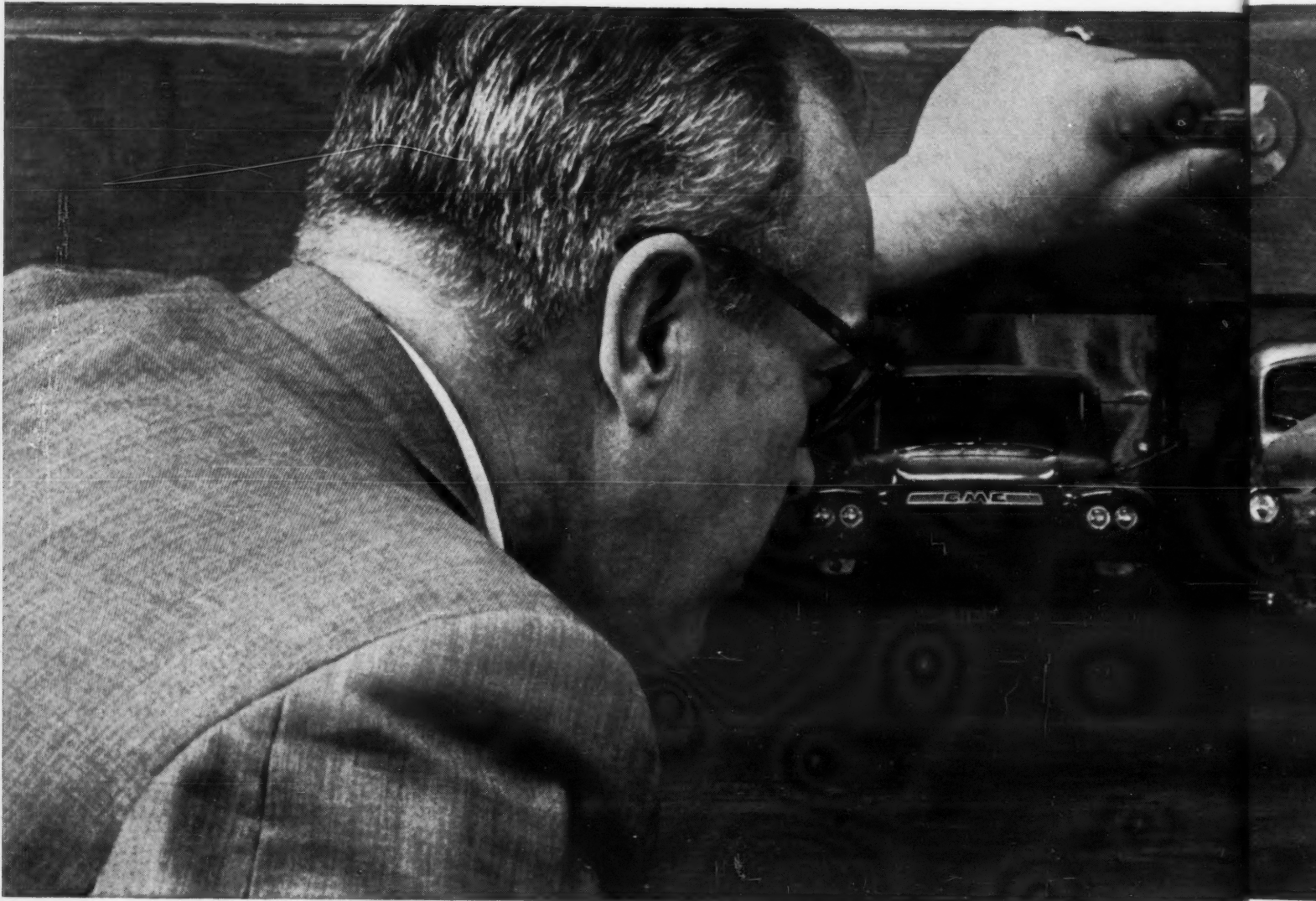
## ALEXANDER HAMILTON INSTITUTE

71 West 23rd Street, New York 10, N. Y.

(Circle number 126 for more information)



IS THE CAPITAL YOU NEED  
TIED UP IN YOUR TRUCKS?



NO INVESTMENT...NO UPKEEP  
***LEASE HERTZ***

There's a fast, practical way to "find" the capital you need for expansion, equipment, inventory—and, at the same time put your truck operation on a new, high level of efficiency. Switch to Hertz Truck Lease Service—and put your money to more productive use!

Hertz will give you cash for your present trucks. You get new GMC, Chevrolet or other sturdy trucks of your choice—all bearing your company identification—all custom-engineered to your specifications. Or your present trucks can be reconditioned and leased back to you. Either way, you're out of the truck and repair business. And you're back in your business *full-time* with new found capital that's ready to work.

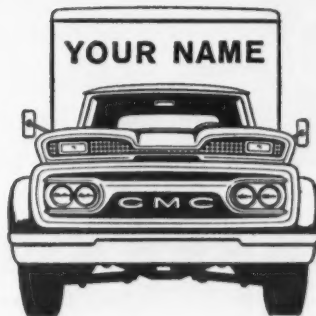
Just one budgetable check per week includes these Hertz services: complete truck maintenance, wash-

ing, garaging, licensing, insurance, and emergency road service. Hertz will also provide needed replacement trucks for emergencies—and extra trucks for peak periods.

Hertz gives you more—much more! You benefit from the experience of the oldest, most respected name in truck leasing. You benefit too, from the convenience and efficiency of the fully-staffed and fully-equipped Hertz local truck stations throughout the U. S. and Canada. Call your local Hertz Truck Lease office for details. Or write for booklet—*"How To Get Out Of The Truck Business"*—to: HERTZ TRUCK LEASE, 660 Madison Avenue, New York 21, N.Y. Dept. D10



# TRUCKS



HERTZ ALSO RENTS  
TRUCKS BY THE HOUR,  
DAY OR WEEK



# BEAUTY • COLOR • TEXTURE PERFORMANCE

**U.S. NAUGAHYDE®**

finest in vinyl upholstery

**U.S. NAUGAWEAVE®**

newest in "breathable" vinyl upholstery



Office Furniture by **Hamilton-Cosco, Inc.**, Columbus, Indiana



Sit back for a few minutes and take a good look at your office. Is it bright, colorful, cheerful, as attractive as you'd like it to be? If not, U.S. Naugahyde is the perfect answer to the problem. This most modern of all upholstery materials is ideal for the rugged kind of use office furniture gets. It's durable, practical, efficient, and easy to care for . . . a damp cloth keeps it looking fresh and clean. U.S. Naugahyde and cool, "breathable" U.S. Naugaweave are available in an almost endless range of patterns, textures and colors. Remember—there's only one genuine U.S. Naugahyde—specify it by name next time you select office furniture.



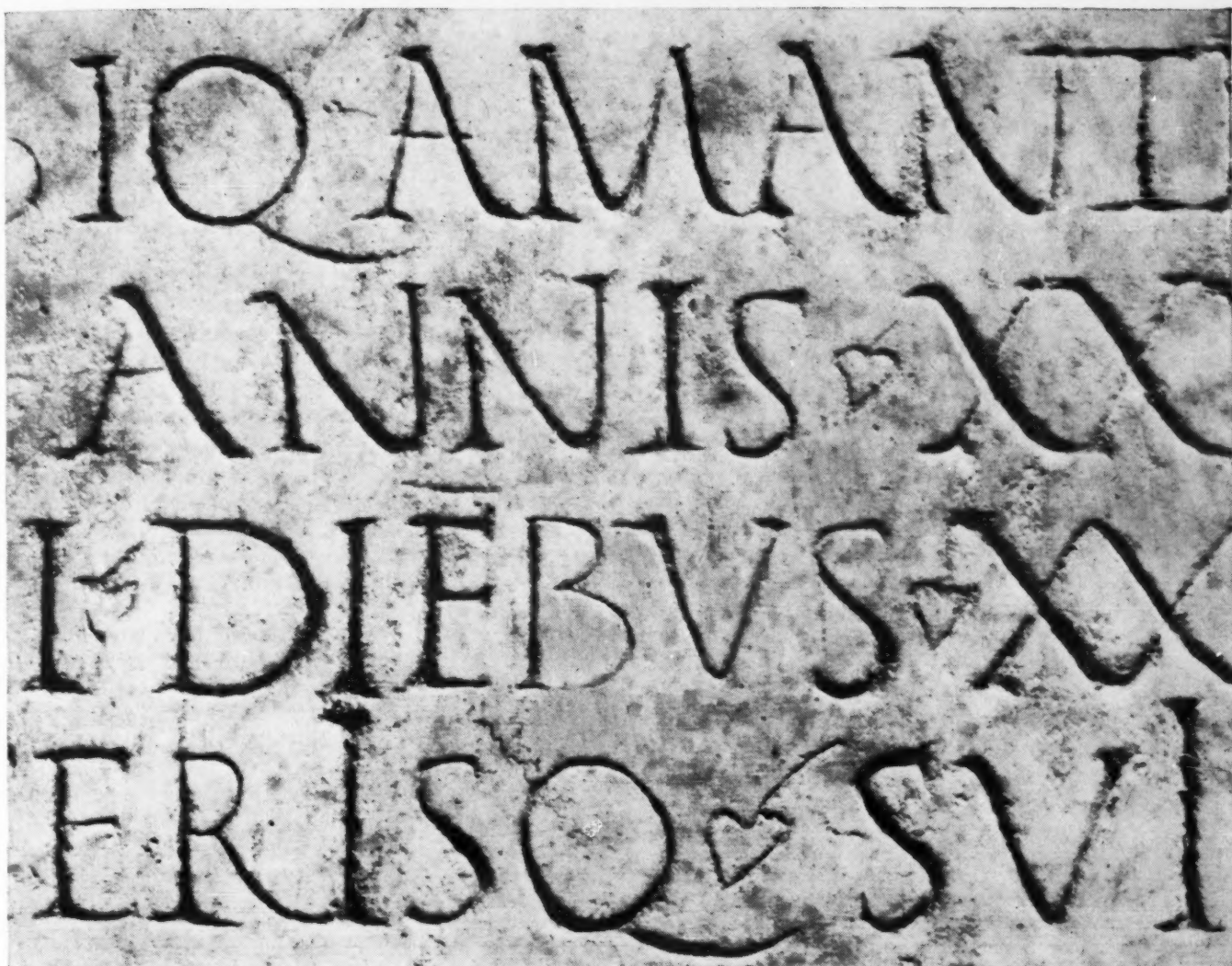
**United States Rubber**

Coated Fabrics and Koylon Seating Dept., Mishawaka, Ind.

In Canada: Dominion Rubber Company, Ltd.

(Circle number 172 for more information)





Courtesy of The Metropolitan Museum of Art, Gift of Philip Hofer, 1938.

You can't erase a Dictabelt accidentally, either



**The sound you can see.** Unlike some recording media, the red Dictabelt records *visibly*. You can see your place, play back in seconds. Dictation can't be erased—every word is recorded clearly and permanently. And Dictabelt is so inexpensive it doesn't have to be re-used. You have a fresh, clean surface every time you dictate.



**All controls are on the microphone.** The entire dictating process is controlled by four buttons—dictate, play back, corrections and length. Your thumb does it all. It's the most efficient way to dictate. All the instructions your secretary needs are marked clearly and automatically on the simple indication slip.



**Most automatic dictating machine.** You and your secretary are sure to get a lot more work done in less time with a Dictaphone TIME-MASTER. It's the dictating machine system most widely used in business today. To see for yourself how efficient it is, call your nearest Dictaphone office for a free "show me" demonstration.

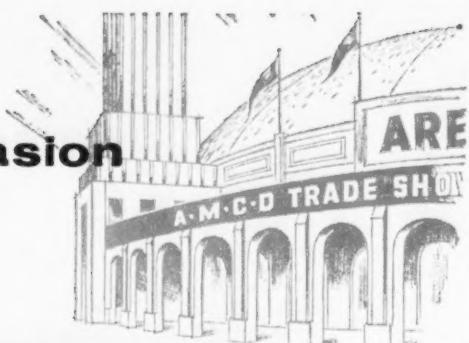
THE SHORTEST DISTANCE BETWEEN IDEA AND ACTION . . .

**Dictaphone<sup>®</sup>** CORPORATION

Dictaphone, Time-Master, Dictabelt, registered trademarks of Dictaphone Corp., 730 Third Ave., N. Y. 17, N. Y.; 204 Eglinton Ave. E., Toronto, Canada; 17-19 Stratford Pl., London W. 1, Eng.; 4 Aderstrasse 4, Dusseldorf, Germany

(Circle number 118 for more information)

when the occasion



calls for **MOVING...**



call **United**

for **"SAFE-GUARD" Moving Service**

Whether you're planning to exhibit in a single city... or scheduling a cross-country tour... you'll like the personalized care United's "SAFE-GUARD" moving service provides.

Door-to-door delivery on one bill of lading is handled for you by United's display moving specialists. And United's new custom-designed Sanitized\* vans afford full protection—without costly crating—plus greater loading flexibility and convenience.

When the occasion calls for putting your show "on the road" call the reliable United Agent. He's listed under "MOVERS" in the Yellow Pages.

\*REG. U. S. PAT. OFF.



**United  
Van Lines**

**MOVING WITH CARE EVERYWHERE®**

(Circle number 173 for more information)



## Letters

### Word of mouth advertising

SIR: In your comprehensive article, "How to use contests in your business" [MM, Sept. '60], there's just one aspect that is not given enough emphasis. That is a contest's word-of-mouth promotion value. We certainly find this true in the Rheingold contest, for which we're currently tabulating more than 20 million votes cast for the six gorgeous girls competing for the title "Miss Rheingold 1961."



Miss Rheingold: creating conversation

A good contest (and you've outlined a great many ways of conducting a good contest) will do more than just simply interest participants. It generates a great deal of conversation. To my way of thinking, a great deal of the benefit is this word-of-mouth advertising.

HORACE H. NAHM, PRESIDENT  
THE HORACE H. NAHM CO., N. Y.

### How to pick a trade show

SIR: Hal Golden did a real service when he put the spotlight on the sales building value of trade shows ["How to get bigger results from a trade show," MM, Sept. '60]. Any company that follows the sugges-



tions set forth in the article is bound to profit.

The way to get the most value from trade shows, of course, is to make sure your exhibit appears in the best ones. According to our experience, the most dollar conscious exhibitors base their selection on:

1. The *location* of the show and the compatibility of the products shown to that location.

2. The *timing* of the show to coincide with the peak buying interests for the products shown.

3. The *assemblage* of exhibitors and products spanning the interests of the desired audience.

4. The degree of *acceptance* of the show by the segment of the *public* to which the show caters.

5. The degree of *acceptance* of the show by the working *press*.

With particular reference to the last two items, may I refer as an example to our own show to be held in New York, October 24-28. This show has been building its reputation in the minds of the public and the press for 56 years. That's one reason it attracts some 80,000 to 100,000 businessmen annually.

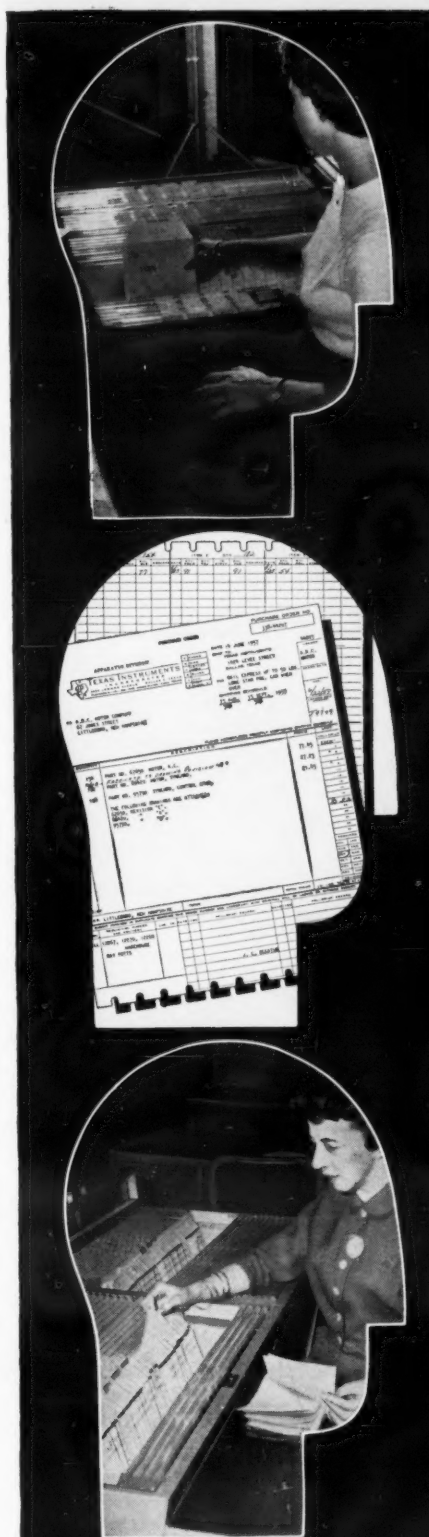
GEORGE H. GUTEKUNT, JR.  
NATIONAL BUSINESS SHOW, NEW YORK

#### Forward look on credit

SIR: Updating and critical analysis of credit policies and procedures are a must these days. Your article, "How companies now use credit . . ." [MM, Sept. '60], is therefore timely.

With the forward look in mind, it seems to me that the study would have been more complete had it included reference to the increasing use by credit men of realistic projections—forecasts and cash flow studies—as a basis for credit, more so than evaluation of just "historical" data such as balance sheets, operating statements and the ratios and trends depicted by them. The historical coupled with the present and future, as shown by sensible projections, gives a much more complete picture and a sounder basis for credit, particularly to the marginal customer. Also, projections can be of great help in counseling.

Nevertheless, we can't lose sight of the past. . . . All too frequently, under current competitive pressures and the insistence of sales manage-



### ...can help you

**VISIrecord Systems Specialists have the know-how to analyze your record-keeping set-up. Their experience and the facilities available to them will enable them to provide you with a time and money-saving system. Write to Dept. MM-4 for case histories on above and any other applications.**

## here's how VISIrecord

*split-second record location*

...at  
**ARMA Division  
American Bosch  
Arma Corp.**

*lets one clerk control  
20,000 items...*

With the VISIrecord system, one clerk can tell in seconds where and by whom one of 20,000 laboratory and test instruments is being used and when the item is due back for re-certification. Scanning all 20,000 records takes only about an hour.

...at  
**TEXAS  
INSTRUMENTS, INC.  
Apparatus Division**

*saved 3500 man hours per year  
following up purchase orders*

The VISIrecord system helped lighten the routine load on buyers, reduced the possibility of overlooking delivery dates, virtually eliminated the possibility of a delivery entering the plant without being inspected and recorded.

...at  
**STROMBERG-CARLSON  
Division of  
General Dynamics**

*saved the equivalent of  
four personnel department  
employees' time*

And, all personnel facts, figures and statistics on more than 8,000 employees in plants and offices across the country are available instantly.

*The world's fastest visible record keeping system*



**VISIrecord, Inc.**

375 PARK AVENUE, NEW YORK 22, NEW YORK  
SYSTEMS SPECIALISTS IN PRINCIPAL CITIES



ment, the credit manager is inclined to side-step time-tested credit policies and means of proper evaluation.

Credit management must guard against this. In our efforts to assist in selling, we should remember we still are credit men with certain basic responsibilities. These basic responsibilities must be attuned to the times and to circumstances.

Referring to Section One, Item 4 [Marginal risk defined—inadequate working capital, slow paying, irresponsible management and weak sales potential], I am not in complete agreement with the composite four fundamental characteristics of

a marginal account. Many of our marginal accounts are not and have not been slow payers. They pay promptly or discount and are marginal simply because they are receiving credit from us which is far in excess of what sound credit practice would normally dictate. . . .

A. W. HILL  
GENERAL CREDIT MANAGER  
E. I. DU PONT DE NEMOURS & CO., INC.  
WILMINGTON

### One copy, three readers

SIR: A few years ago, in response to a question from you, I wrote that, although I got much pleasure

and information from reading **MANAGEMENT METHODS**, I did not employ one hundred people. Because I was the sole support of my son, a multiple sclerosis victim, I did not dare risk my capital to try to increase the size of my business again, as I would have enjoyed doing. Therefore, I said, if I were in your position I would drop the stencil bearing my name in the wastebasket.

You did not follow my suggestion, I am thankful to say, and I thought you might care to know of the following developments.

My son, a mechanical engineer whom the doctors all said could never be gainfully employed because of his affliction, got in touch with a large organization that was willing to take a chance hiring him. Since then, he has been promoted and at least one other handicapped man has been employed. Some months back, I gave him a copy of your magazine because I had read something I thought might interest him. He read it from cover to cover and has done the same with every copy since then.

My son-in-law, who is trying to put his family's business on a streamlined basis, asked for the magazine when we were through with it because, in glancing through it, he had seen something he wanted to read carefully.

So now, when I receive your magazine, I read it, then take it home to my son who reads it and he, in turn, passes it on to his brother-in-law.

So you see, each month's copy is read by members of three firms.

EDWARD T. VAN DE WATER  
E. T. VAN DE WATER & CO., INC.  
NEW YORK

### Anti-do-it-yourself projects

SIR: As an architect, I was particularly interested in your September article "How a firm chopped 20% off new plant construction costs." [MM, Sept., 60]. In my opinion, this procedure can only apply to such a limited number of companies and isolated instances that its real value as an example for others is questionable. Even so, to better understand this approach, several points should be clarified.

Did the men who participated in

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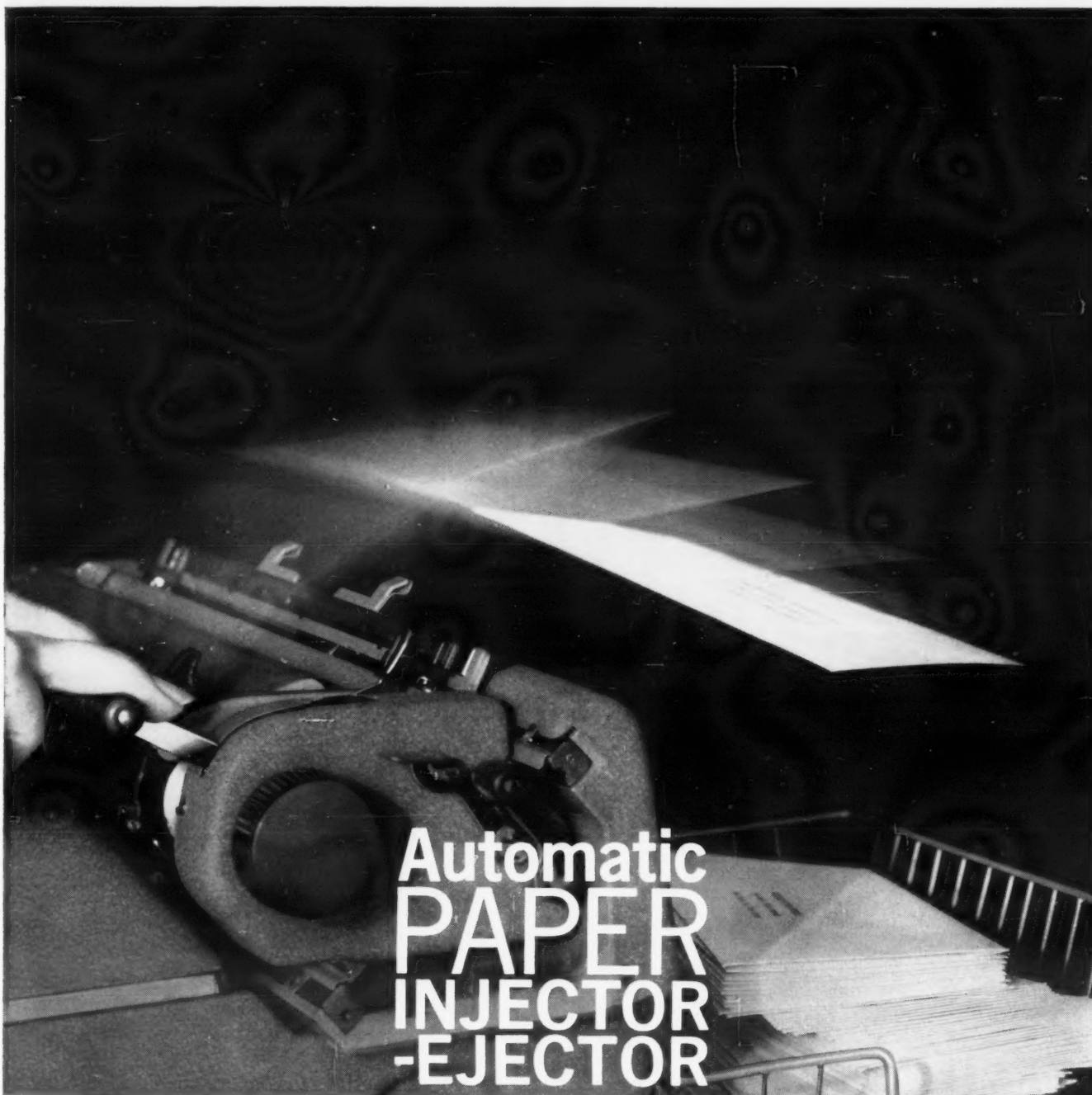
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the do-it-yourself project do all this on time outside the regular working hours? I doubt it, and for those hours spent away from their business were these costs added to get a true picture of the actual cost of the project? Could their energies and hours on this have produced more over-all results if spent on the work they know best? What about unions? Few building projects of any size today could be done this way without running into union problems. Perhaps in a local, neighborly, friendly area this is possible, but not in very many places. Even if possible, would it not set up a wave of resentment by unions that could swell into big problems where the company's products are used?

The most questionable point of all was your reporter's comment: "Practically any company can follow H. H. Scott's example to achieve big savings on a new plant." The description of those Scott executives, their backgrounds and the specialized functions they performed in planning this building would limit the type of company which could do this very drastically. It certainly does not fit "practically any company."

To the company uninitiated in the problems and ramifications of the construction industry, such a statement could lead many trusting and unsuspecting managements into problems that would make them wish they had never heard of this idea.

J. GORDON CARR A.I.A.  
J. GORDON CARR & ASSOCIATES  
NEW YORK CITY

■ As architect Carr points out, not every company can use its employees to the extent that H. H. Scott Inc. did. However, experience shows that the do-it-yourself idea is sound. The question is not whether to do it yourself, but how much to do yourself. Perhaps employees in one firm will only help suggest plant layouts. In another, they might help with interior finishing. But the proved fact is that employees can help keep new plant construction costs low. EDITOR

#### Sales Forecasts: question . . .

SIR: I read with interest your recent article, "A practical, low cost

way to sharpen sales forecasts" [MM, June, '60].

There are a couple of questions I would like to ask. In Step 8, what statistics table is used, and where is it found? Also, how is the problem handled if your actual [sales] exceed your forecast, therefore making a percentage greater than 100?

Next, I can see where the percentage of 80.5 times the forecast of 30 units would give the probable sales that would be experienced,

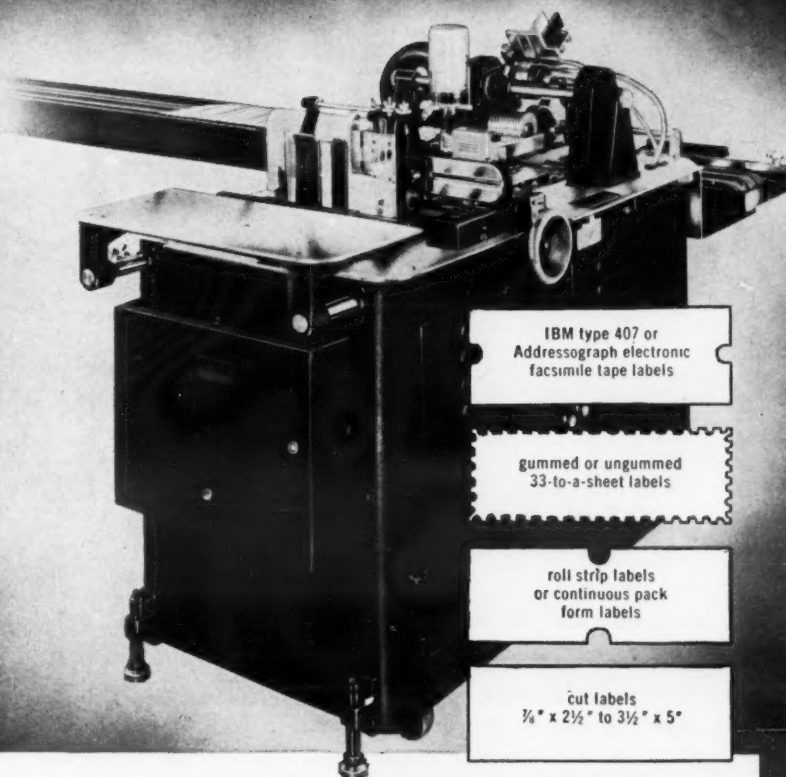
but how are the 30 units arrived at, past experience or what?

L. W. STANSBERRY  
SECRETARY-TREASURER  
W. C. NORRIS, MANUFACTURER  
DIVISION OF DOVER CORPORATION  
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#### ... and answer

SIR: Here are answers to the specific questions Mr. Stansberry asks about using the Inductive Proba-

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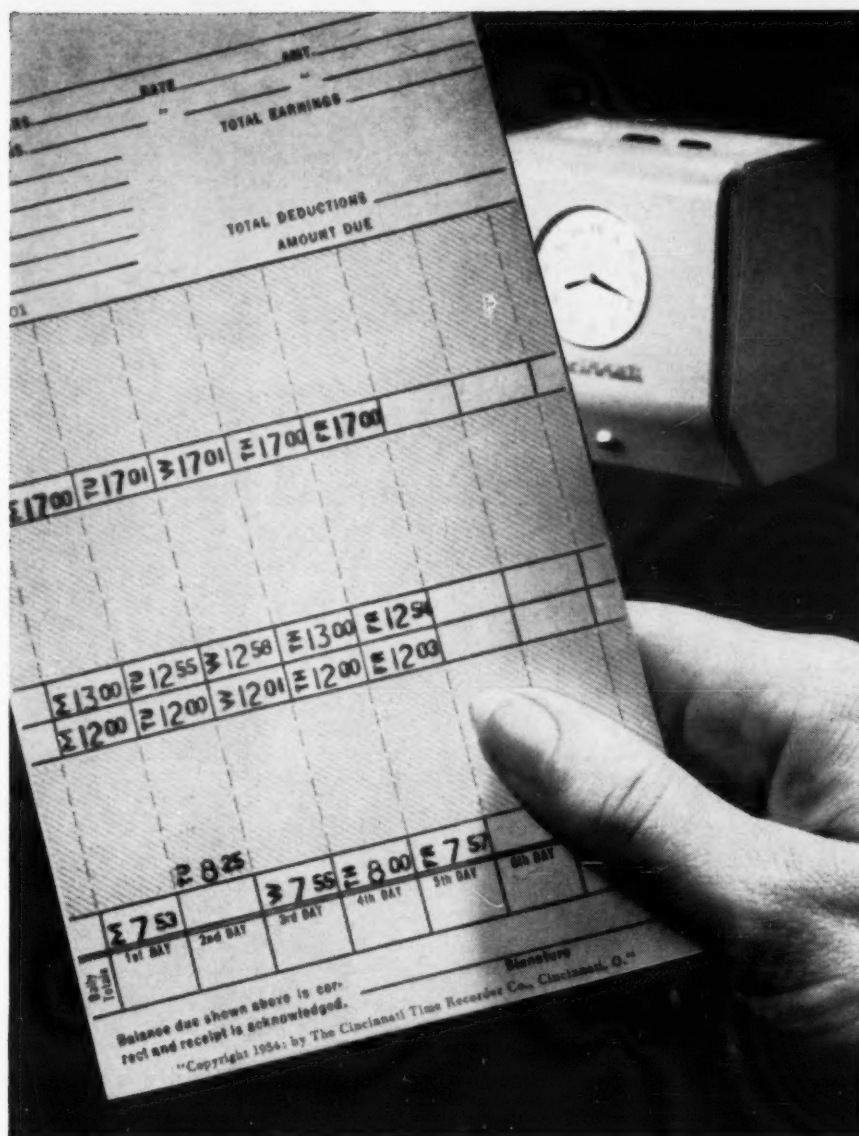
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bility Analysis method in sales forecasting.

We should probably point out first, as we did in the article, that Inductive Probability Analysis is a powerful tool for extending the usefulness of the conventional forecasting techniques a company uses. It is not, however, a substitute for them.

In the article, we chose an application of IPA to the more realistic adjustment of field sales forecasts to *illustrate the mathematical technique*. The method is not limited to forecasting applications, however, because it has real value in aiding decision-making under any business uncertainty conditions.

In reply to Mr. Stansberry's first question—where is the statistical table found that is used in Step 8—it is taken from the table of "tp" distribution. It is found in all standard books of statistical tables.

Second, he asks how to handle a situation where actual sales have frequently exceeded forecast sales; that is, where the ratio  $\frac{\text{actual}}{\text{forecast}}$  is greater than 100%. Basically, the calculations are identical.

For example, assume the company example illustrated in the article was exactly reversed. In other words, we will modify the example by interchanging "forecast" and "actual" values in each of the 13 periods as follows:

Period	Actual	Forecast
1	11.7	7.8
2	12.7	7.7
3	12.1	9.3
4	14.4	15.1
....	....	....

To use IPA under these circumstances, the algebraic signs of the "difference" column are reversed, but the values are unchanged.

**In Step 4**, our new values are:

actual	226.9
forecast	182.7
difference	+ 44.2
difference squared	279.5

**In Step 5:**

average actual	17.45
average forecast	14.05
average difference squared	21.50

All other calculations through Step





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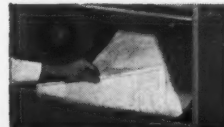
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9 are unaffected by the revision of actual and forecast.

In calculating average actual sales as a percentage of average forecast sales, we now have:

$$\frac{17.45}{14.05} = 20.7\%$$

Our final result is now:

actual sales = 124.2% ± 20.7%  
 of forecast.

A company in the more fortunate position illustrated by this example can anticipate sales of at least 104% of its forecast with a very high degree of probability (.975).

In his third question, he also asked how the hypothetical forecast of 30 units is derived.

In actual practice, the sales forecast is prepared in the usual manner, using the procedures established by the individual firm. Many companies use the "grass roots" approach. In this method, each individual salesman prepares his sales estimate for some future period and submits it to marketing management.

The marketing manager or his assistant compiles these individual estimates to produce a total field sales forecast. Because there are economic forces which will affect the sales picture, and which the individual salesman is not equipped to evaluate, marketing management may then proceed to modify the field forecast by using national or industry economic indicators.

The result of this operation is a sales forecast which reflects the "firing line" judgment of the individual salesman and the "economic climate" judgment of marketing management. It is this forecast value which is cranked into the IPA procedure, thereby adding the "mathematical judgment" factor we mentioned in the article.

As we mentioned earlier, IPA can make its most significant contributions to profitable decisions in any area of qualitative management decision-making. That is, it can help managers in selecting the general course of action having a higher probability of success.

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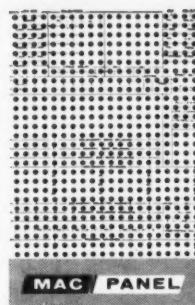
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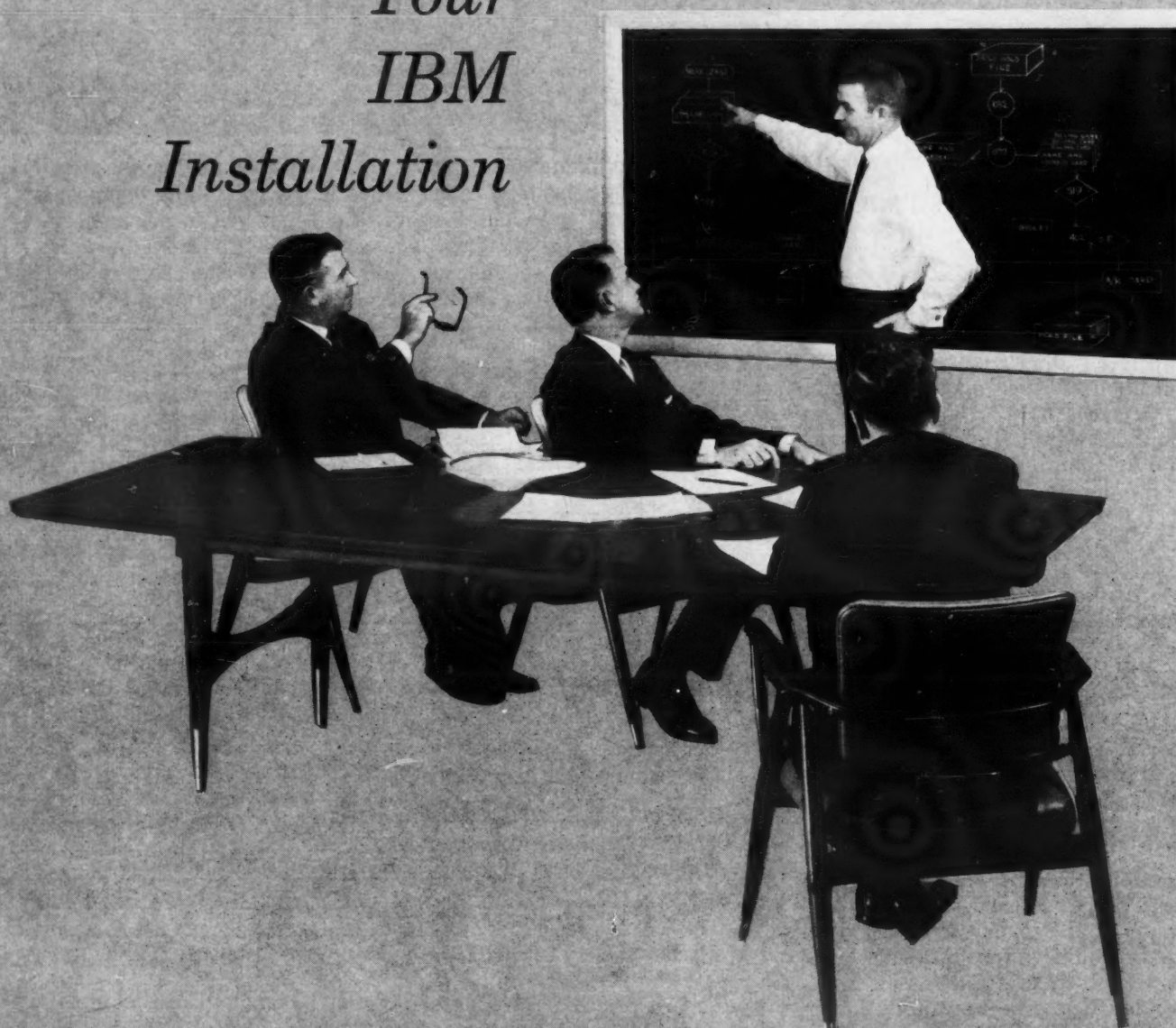
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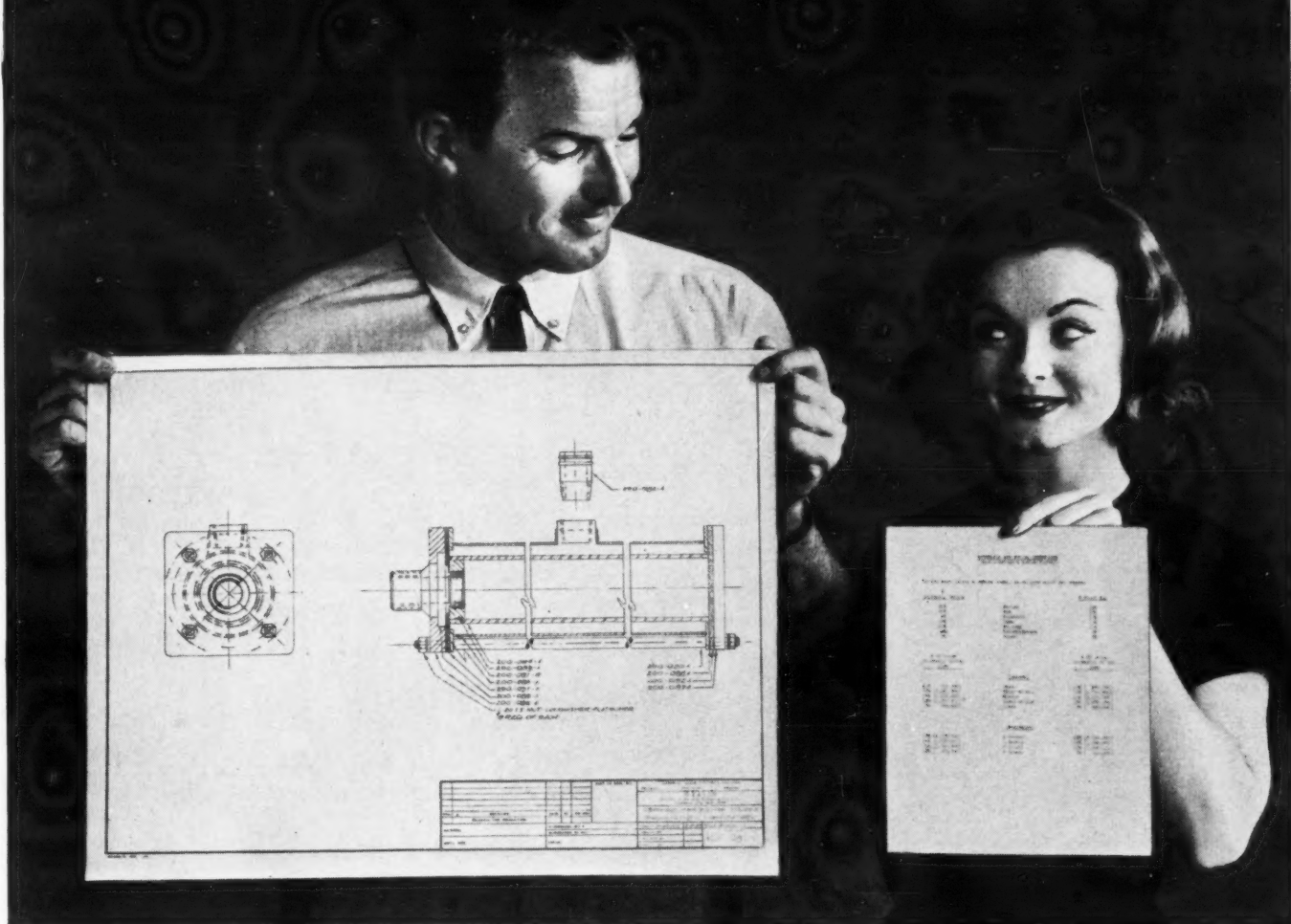


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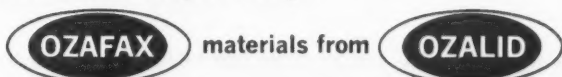
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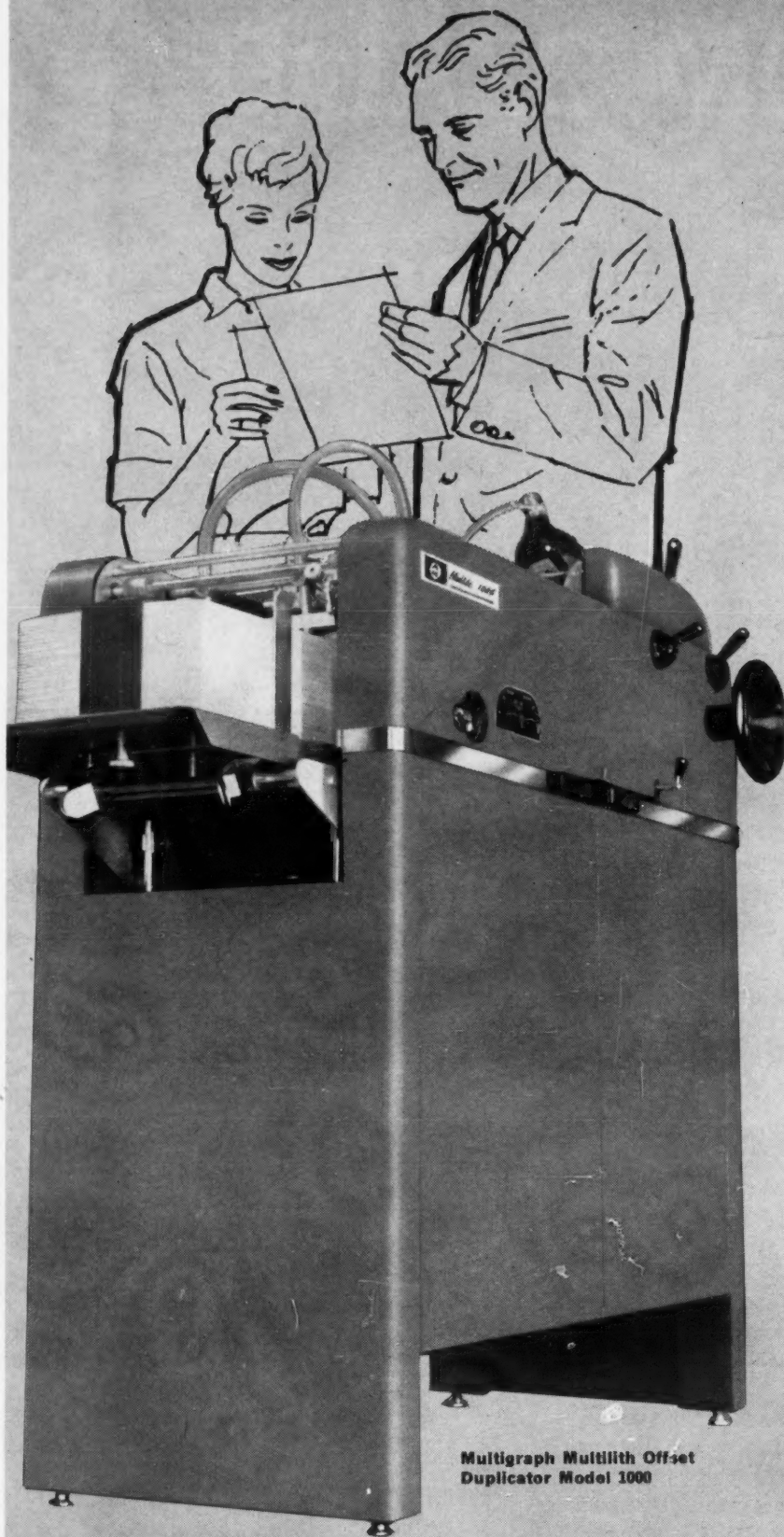
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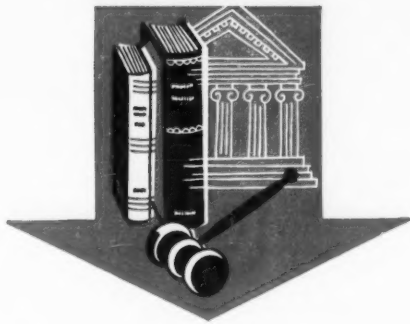
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TAX QUIZ—by Benjamin Newman, Tax Attorney

## Sale of assets

### TAXABLE AS CAPITAL GAINS OR ORDINARY INCOME?

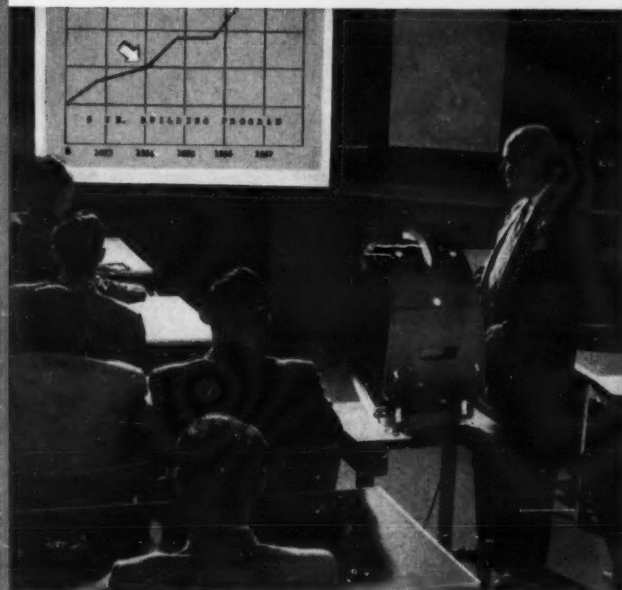
**The question**—A corporation distributes part of its assets to stockholders. The purpose is to reduce its capitalization. Is such distribution in partial liquidation and taxable at capital gains rates? Or is it equivalent to a dividend which would make it taxable as ordinary income?

**The facts**—Taxpayers A and B were sole stockholders of the AB corporation. A devoted all his time to the corporate business but B, because of other interests, could devote only one-half of his time. A was compensated accordingly. Subsequently it was found that B could devote only one-third of his time to the AB Corporation. Although agreeable salary adjustments were made with A, it was decided that B should sell his interest in the corporation. Increased competition in the field made it necessary for the business to have an active full time owner. L, an employee of the corporation, was interested in purchasing B's interest but only had \$22,000 in cash, whereas B's interest was worth \$50,000. It was decided that if the corporation were contracted, and its capital stock reduced by \$40,000, the plan to sell a part of the business to L could be consummated.

Accordingly, certain assets of the corporation were conveyed to A and B respectively in consideration for one-half of the stock of each in the corporation. B sold his remaining stock to L for \$22,000. Thereafter B was no longer associated with the corporation, his entire interest having been severed. In the preparation of their tax returns, each taxpayer treated the transaction as a long term capital gain, reasoning that the conveyance was in redemption of stock. The Commissioner of Internal Revenue took another view and treated the distribution as being essentially equivalent to a dividend and therefore taxable as ordinary income.

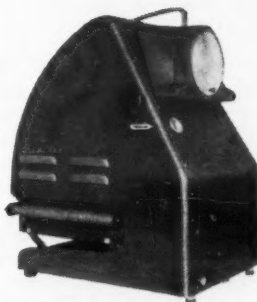
**The ruling**—After reviewing the facts, the Court concluded that the transfer of real property, and other assets, to the stockholders in exchange for stock constituted a contraction or partial liquidation of the business, and a redemption of stock not essentially equiv-

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alent to a dividend. Distribution to the stockholders of assets was in payment for the stock and not essentially a distribution of dividends. Therefore, the Court said, the distribution was properly reported and should be taxed as a capital gain, not at the higher rate for ordinary income.

*Carey, etc. v. United States of America, U.S. District Court, decided August 1, 1960.*

## Corporate salaries

### MAY THE TAX COMMISSIONER SET THE LIMIT?

**The question**—A family corporation pays its officers \$6,000. It deducts the salaries as business expenses from its income tax return. May the Tax Commissioner refuse to allow the corporation to deduct more than \$2,500 for salaries?

**The facts**—Mrs. W. and Mrs. F., sisters-in-law, each owned 50% of a corporation. Mrs. W. was the president and Mrs. F. was the vice president. Their husbands were secretary and treasurer.

The sole asset was an apartment building, which was managed by an agent. The husbands and wives participated in decisions on repair and replacement items, personally purchased certain large electrical appliances and sometimes showed apartments to prospective tenants. The agent carried out the rest of the work involved in the management of the building.

The corporation held no formal meetings, nor did it keep corporate minutes. Its affairs were discussed by the four officers at informal meetings and family gatherings.

No dividends were paid, nor were salaries given to the two men. The owner-wives, however, each received salaries of \$2,500 in 1953 and \$3,000 in 1954 and 1955. These salaries were deducted on their tax returns as business expenses.

When the Commissioner of Internal Revenue examined the corporation's tax returns, he disallowed the deductions on the grounds that they were too high in 1954 and 1955. He claimed that \$1,250 each per year was reasonable compensation for the services the women performed in their capacity of officers of the company owning the building.

**The ruling**—The corporation claimed that the Commissioner's disallowance was arbitrary and unreasonable, but the Tax court did not agree. It said that the Commissioner's determination of the salaries can be presumed to be correct, and that the burden of proving it incorrect falls upon the corporation. Since the corporation failed to offer evidence showing what is usually paid by family corporations for such services, and since the facts indicated that the services were "rather inconsiderable," the determination of the Commissioner must stand.

*Akten Realty Corp. vs. Commissioner of Internal Revenue, U. S. Tax Court, decided February 24, 1960.*

MANAGEMENT METHODS



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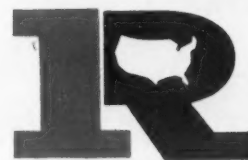
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James D. Short, Supervisor of Tabulating, American President Lines

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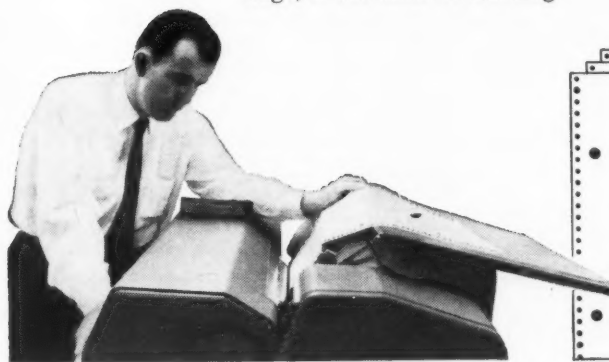
**THE SETTING:** American President Lines operates 30 cargoliners and 5 passenger liners. To make up voyage revenue and budget reports, the company collects and sifts mountains of data from scattered ports all over the world.

Reservations from 18 offices, 30 principal agents and thousands of travel agencies funnel into San Francisco headquarters every 24 hours. Facts in foreign weights, measures and currencies are converted to U. S. equivalents, summarized, and printed. The system also produces many other important reports.

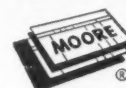
**THE SYSTEM:** Data received is put on punched cards. An electronic accounting machine processes the cards, converting to U. S. standards, and prints the information on a daily summary sheet, an interim revenue report. This is revised daily as new figures come in and, in its final stage, is the final accounting.

After a ship has sailed, more incoming data is carded and radioed to sea. After a 120-day cruise, a budget report is run off, summarizing the vessel's performance—estimated vs. actual. A final budget report compiled in 10 days, as against 8 man-months, is the basis of management decisions on cargo matters, revenue volume, receipts and expenses, equipment needs, etc. The system speed-up resulted largely from eliminating 300,000 tedious manual postings a year—a crucial operating gain. The Moore forms in the system are the Line's control in print.

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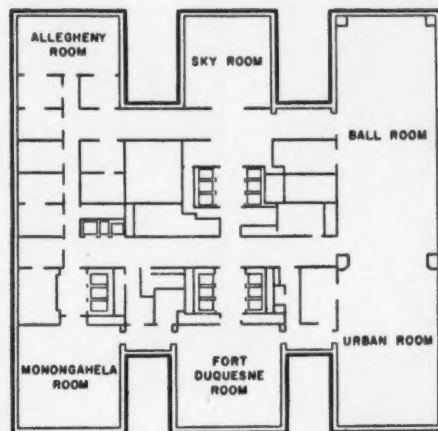
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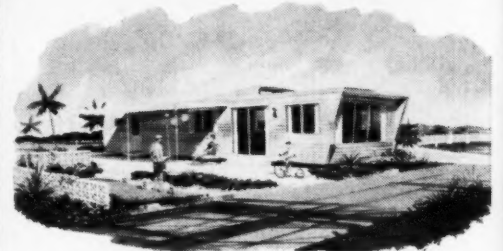
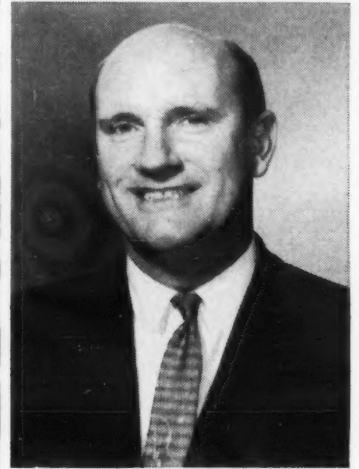
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"This year Americans will invest over a billion dollars in mobile homes. To keep astride with this giant market requires the most modern accounting techniques. That's why we have installed a National Accounting System," writes Arnold J. Romeyn, Secretary-Treasurer of Kit Manufacturing Co., Inc.

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accounts receivable, purchases, distribution, and a host of other record keeping requirements.

"To conclude, we feel that Nationals have certainly helped us maintain our position as the West's largest producer of mobile homes. Most important, our National Accounting System saves us \$8600 annually... pays for itself every 10 months."

*A. J. Romeyn*

Secretary-Treasurer of  
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No job is too big for the Giant Janitor, and our recent assignment proves it. The new Kaiser Center, Oakland, California, is the largest office building west of Chicago; 980,000 square feet to be exact. It is only one of the thousands of buildings, large and small, that American services each year throughout the U.S. and Canada. Like to put our skill and experience to work for you? Just give us a call.

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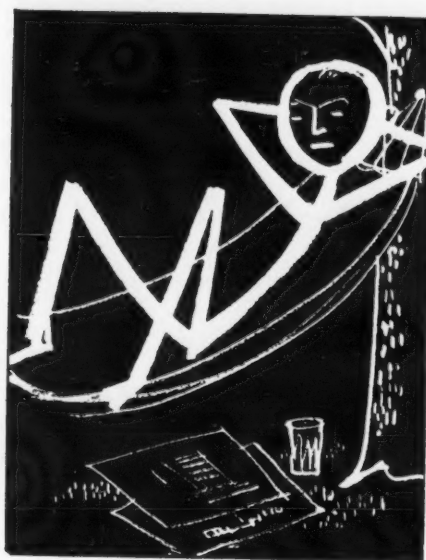
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OCTOBER 1960

35



## WHICH SALESMAN HAD THE TONIC?

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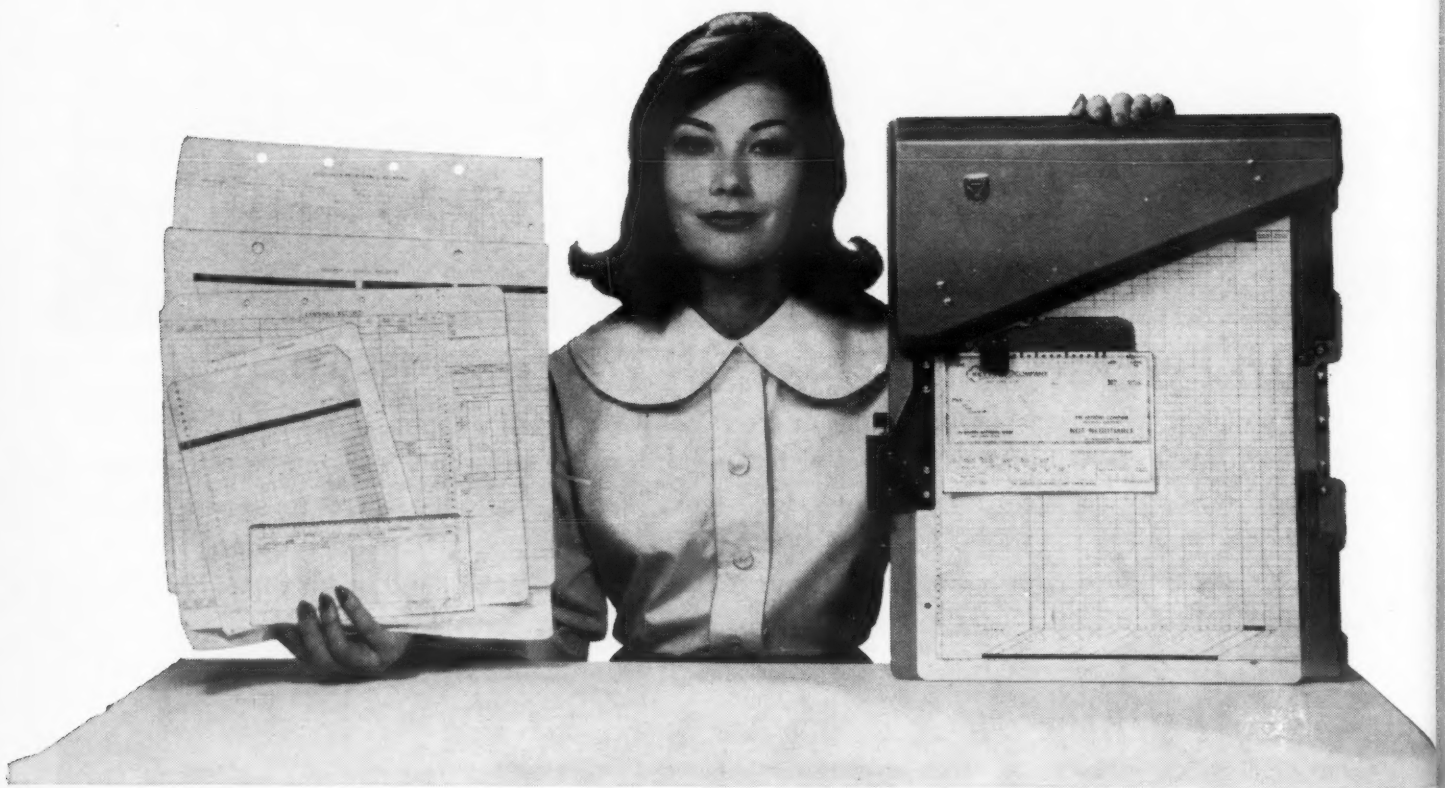
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# Workshop for Management

PRACTICAL IDEAS YOU CAN USE RIGHT NOW!

## PROBLEM STOPPERS

### PAVE THE WAY FOR A PRICE INCREASE

■ IT PAYS TO PRE-SELL a price increase. Management can implement the smooth transition to the new price level, if this perennial problem is tackled intelligently.

Vice President of Sales Louis Neibauer, Edward Stern & Co., Inc., Philadelphia, suggests these steps to gain acceptance and success of a higher price:

1. Time price increases right. Issuance of an annual report, for instance, heralding record profits is not the psychological moment to release news of a price increase.



2. Make price changes when necessary, but hold them down to one a year, if possible.

3. Explain the reasons—but don't apologize—for a price increase.

4. If the boost is minor, put it through and forget it.

5. When faced with a major increase, don't make a major hurdle out of it. If you do, your sales force will marshal arguments why they can't sell at the bigger price tag.

6. Concentrate on the validity of the increase. Be forthright, unwavering in your explanation to salesmen.

7. Remind salesmen to skip the issue when dealing with new prospects who are unaware of the previous price level.

8. Alert current customers to place orders before boost takes effect.

9. Prod procrastinating prospects to order promptly to avoid pending increase.

10. Re-emphasize the importance of selling benefits, quality and service, rather than price.

## MORALE BOOSTERS

### PUBLISH HOUSE ORGAN IN LOCAL NEWSPAPERS

■ ONE WAY to get avid and added readership for your employee publication is to run it as a full-page advertisement in the local newspaper.

The Mermey Organization, New York public relations counsel, reports one corporation has done this with excellent reaction. It has several plants in a number of small towns and is a substantial part of each of these communities. Each

month full-page ads herald the complete contents of the employee magazine.

Results: worker and company news is better read by employees themselves, by their own families, and by the entire community. Side bonus: the local press is better informed and more amenable to company objectives.

### TRY OFFBEAT AWARDS AS INCENTIVES

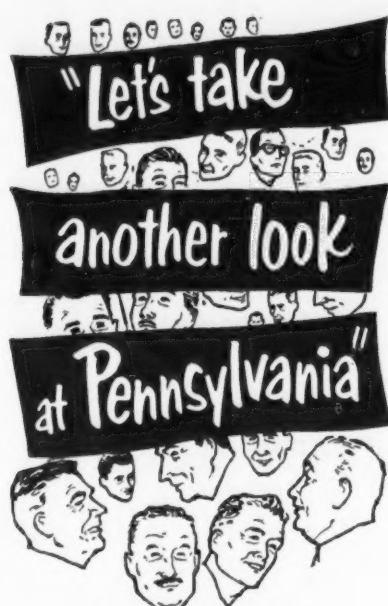
■ UNUSUAL PRIZES can sometimes stir up more enthusiasm among contestants than run-of-the-mill rewards. What's more, offbeat prizes are likely to reap more publicity during and after the close of the contest.

Take the case of the employee performance contest just completed by Star Employment Service, Inc. Top prizes: three pink Jeeps complete with pink and white striped surl fringed tops.

Hard working winners were three







...that's what a growing number of industrial executives are saying and doing!

In the past four years they announced:

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**788 PLANT EXPANSIONS**

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For free copy of "Plant Location Services" pamphlet, or for details on 100% financing, write or call:



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(Circle number 165 for more information)

pleased job counselors chosen for their outstanding performance in placing women applicants in appropriate posts.

Even though the contest is over, President William Oswald reports the pink Jeeps continue to create a stir wherever they travel in the Chicago business area.

## PROFIT MAKERS

### BEWARE CLICHES THAT STYMIE PROGRESS

■ SUREST WAY to throw cold water on ideas and innovations is to allow a negative attitude to prevail in your organization.

An executive can quickly kill enthusiasm, drive and progress by resorting to deadend cliches, warns David Yunich, president of L. Bamberger & Co., Newark, N. J.

Do you or your staff members resort to these progress-stopping vetos or evasions?

- The board won't go for it.
- It's against our policy.
- Let's appoint a committee.
- It's not in the budget.
- It won't work for us.
- We're too small (or too big) for that.
- That's not our problem.
- Why change? There's nothing wrong with our present system.
- The union won't stand for it.
- We tried that once.
- Let's shelve that for now.
- There are more pressing problems.
- We can't make time for it.
- It's too radical a change.
- We're not ready for it.
- It will cost too much.
- It will step on old Smith's toes.

### INTRODUCE CUSTOMERS TO EMPLOYEES

■ "MEET THE BOSS" is a special feature that appears in each issue of the house organ of General Magnetic Corp., Detroit.

Purpose behind the series is to underline to employees the all-importance of customers.

The first "real" boss introduced in a full page article was the Jensen Manufacturing Co., Chicago. This explanation accompanied the article:

"Meet the Boss. From the melting to the packing and shipping department, we all work for the customer. He determines how steadily we work and what we earn. If we keep him happy with our permanent magnets, then he will keep us happy with his orders. Since the customer is the boss, let's meet him."

The editor of *The Magnet*, GM employee publication, says there has been more discussion in the plant over this series than all the personal notes lumped together.

## ATTENTION GETTERS

### USE PRODUCT SWATCHES AS CALLING CARDS

■ WHY NOT HAVE your salesmen's cards sample or suggest your product?

Owens-Corning Fiberglas, as an obvious example, uses calling cards made of Fiberglas.

Makers of cellophane, foil, fabrics, plastics, leather, aluminum and other metals, wood veneers and, of course, paper products can easily adopt this idea.

If your product is too bulky to use as a business card, why not die-cut the card in the shape of your



product or package? Anything from canned goods to machines to magazines can be made in miniature to graphically remind the prospect of your product.

Farrell Woodwork Shop, Stamford, Conn. has good results with wood grained calling cards. President Charles S. Farrell, Jr. says purchasing agents file and don't forget the firm's distinctive cards.

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EVERY DAY the "paper work" mounts. Never before in the history of business has the handling of detail been so important — taken so much of management's time.

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Finding is up to *four times faster*. Operating costs for help are reduced. But most important, there's less to hamper and delay decisions; management has more time to manage.

For today's *cost- and time-conscious management* Shaw-Walker time-engineering research has now produced — Error-Proof filing systems; Automatic Expanding file drawers; Work Organized "clutter-proof" desks; Step-Saving fireproof equipment; Time-Saving payroll plans; Efficient automation accessories; and Numerous Other Devices that facilitate recording, filing and finding of records.

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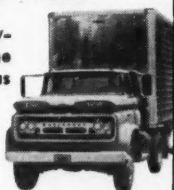


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**National Lease** service doesn't add to your cost... it saves. Saves the capital and management time you now spend on trucks so you can put yourself—and your money—back into your own business.

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Lease a new Chevrolet, or other fine truck, operate it as your own with no investment, no up-keep.



For facts about full-service, "Lease-for-Profit" truckleasing—and the name of your local **National Lease** firm, write

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and forms use the same wood grain pattern—letterheads, envelopes, labels, invoices and statements. The related items give quick identity and remembrance value.

President Farrell says he has no intention of giving up the attention-getting design, started nine years ago. "It's the best sales promotion device we have. It makes people remember us—paves the way for extra orders."

#### SALES BUILDERS

#### PROMOTE YOUR PRODUCT AS A TOY

■ UNDER THE CATEGORY of having your cake and eating it too is the practice of promoting your product with toy replicas.

For instance, thousands of little girls have been introduced to General Mills products through Betty Crocker cake mix sets—faithful miniatures of mother's—sold in toy stores throughout the country.

To cite another notable case, there are now many more toy Gulf oil service stations in existence than real ones. The miniatures are being played with by some 150,000 young owners—not to mention their playmates. Merry Manufacturing Co., makers of the play service stations, estimates that this figure is expected to jump to 750,000 before the year's end. This compares with some 36,000 actual Gulf service stations throughout the nation.

The toy version duplicates—and advertises—some 13 major Gulf components, including gas pump, battery, battery filler with moving parts and Tourgide maps.

#### GIFT GIVING

#### TAKE COMMERCE OUT OF CHRISTMAS

■ IF IT'S YOUR POLICY NOT to give business gifts—and this practice is growing—you might want to commemorate Christmas with a worthy gesture made in the name of individual customers.

For instance, Canteen Co. of Oregon for years had followed the

usual custom of regular gift giving. Then last year President Dewey Estey had an inspiration. He wrote a letter to each businessman on the company's gift list. He explained that in lieu of the customary gift, a toy was being given in the customer's name to the Portland Fire Department's "Toy and Joy Makers." This fire department's activity, like those in many cities, refurbish discarded toys to brighten the Christmas of children who might otherwise be overlooked by Santa Claus.

However, instead of secondhand toys, the Canteen donation was a truckload of brand new toys of all kinds.

Canteen customers unanimously were delighted to have a part in spreading pleasure in this way to hundreds of children. In fact, the plan was so heartily endorsed by the entire community that this year many other Portland firms are expected to follow the precedent set by Canteen Co.

#### COST CUTTERS

#### ACCENT IGNOMINY TO CURB TOLL CALLS

■ A COOL \$80,000 has been pared from the annual telephone toll bill of Minute Maid Corp., Orlando, Fla.

Large part of the credit for this reduction goes to the institution of the Joe Blow Award to curtail lengthy long distance conversations.

A continual check is made of all outgoing toll phone calls. Once a



month, the employee with the most long-winded call is awarded the Joe Blow trophy—a pair of false teeth.

The individual's ignominy is com-

Write for this free report on

# HOW TO SEIZE AN ALMOST OVERLOOKED BILLION DOLLAR MARKET

*If your business sells to business, this report may alter your entire marketing picture.*

Look at your marketing plans in the light of the explosively meaningful facts in this report:

1

The report shows how a small fraction of the nation's business firms buys *the major portion of all the goods and services sold to business!*

2

These firms in this small group are *not* the giant companies. Instead, they are the 48,000 companies with between 100 and 1,000 employees. *These middle-sized companies represent the single greatest undeveloped profit potential in the business market.*

3

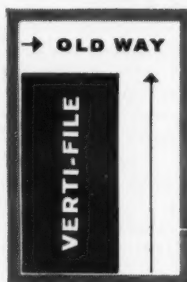
*This report shows how these companies are among the easiest for you to sell!* They are big enough to have both the need to buy and the ability to buy an endless variety of things. Yet they are small enough so that *usually only one or two key men in these firms make all the major buying decisions, and many of the minor ones, too.*

The full power of these facts is explained in this carefully researched report by *Management Methods*. The report is being offered without charge to top management executives of firms which sell to the business market—and to their advertising agencies and marketing advisers. Write on your company letterhead to receive a copy by mail.

## MANAGEMENT MAGAZINES, INC.

*Management Methods, School Management, Management Publishing Corp.*

**22 West Putnam Avenue, Greenwich, Connecticut**



See how a VERTI-FILE installation can save you up to 58% in floor space? You start saving the moment you install one.

## CUT FILING COSTS IN HALF WITH VERTI-FILE

You can actually save up to 50% in equipment costs when you convert from conventional drawer filing to the vertical shelf concept perfected by Royal's DeLuxe VERTI-FILE\* system. This is because VERTI-FILE cabinets cost no more but hold twice as much. Savings in floor space, too, run as high as 58% because VERTI-FILE substantially reduces required aisle width by eliminating space-consuming drawers. This advanced idea in record-keeping makes filing up to 35% faster, easier, more accurate. DeLuxe VERTI-FILES by Royal bring you all the advantages of open-shelf filing, including maximum visibility, ease of access and entry, fully adjustable shelving, and "security-lock" doors if desired. DeLuxe's exclusive "Equalizer" feature insures easy opening of VERTI-FILE doors wherever pressure is applied. Steel construction and baked enamel finish give

VERTI-FILE units the quality appearance of fine office furniture. And there is no need to buy new folders or change your existing system. Write today for complete information to DeLuxe Metal Products Division, Royal Metal Manufacturing Company, Dept. 79-J, One Park Avenue, New York 16, New York.

(Circle number 162 for more information)

*Royal*  
DELUXE DIVISION

\*T.M. REG. U.S. PAT. OFF.

MANAGEMENT METHODS



pounded by its prominent display in the company cafeteria.

The trophy is not always won by rank and file employees. Several top echelon members have copped the dubious distinction.

Simple as the device sounds, it works. The trimmed down toll costs testify to its effectiveness.

#### THOUGHT STARTERS

#### TRY SOLO BRAINSTORMING

■ BRAINSTORMING sessions — en masse—have been tried with varying degrees of success by many management teams.

Now, Stanley Arnold Associates, Inc. reports good results with do-it-alone brainstorming. Here are some of the techniques President Stanley Arnold recommends to foster ideas and solve problems. They have worked for him in dreaming up highly imaginative, but practicable, merchandising ideas.

Push whatever problem you're working on as far as you can and then put it aside for awhile. Don't go on worrying it to death after you've reached the point of no return.

When you do pick up that problem again, deliberately look at it from a new point of view—as if someone else proposed it. Listen to it, in your mind, as if someone else were talking and you were hearing it for the first time. This stimulates all sorts of reactions—gives you perspective.

Tell yourself you're not trying to change or improve the *old* idea. You're looking for a *new* idea to put with it. This is easier. And now you've got two ideas to work with instead of one.

Put the two ideas side by side; compare and contrast them. Try to find where the strength of one will offset a weakness in the other. You'll be surprised how many new angles will loom up. Among them, you'll find your fresh inspiration.

But you can't expect to "give out" with something new and different day after day unless you manage to "take in" something fresh and original as often as possible. Here are some tips on that.

Learn to "browse" through any

## HERE'S PROOF

# SAVE \$84,632

on a 62,000 sq. ft.  
industrial plant

in WESTern  
PENNsylvania

A unique, long-term (20-25 years), 100% Financing Plan at average interest rates as low as 3¾% makes such outstanding savings possible.

Under conventional financing, a 62,000-sq.-ft. plant costing \$6.25 per square foot would cost \$639,735 over 20 years at current interest rates of 5½%. That is, if you could get financing for 100% of the property at that figure.

This same building, amortized over 20 years using Pennsylvania's 100% Financing Plan, would cost only \$555,103—a saving of \$84,632.

Compare this with the usual maximum obtainable loan of 50 to 60% of appraised value and higher interest rates, even up to 8%!!!

You'll also find a Triple-A Work Force, Centralized Location, Favorable Tax Climate and an excellent Transportation Network—*more proof* that you should look to WESTern PENNsylvania for your industrial future.



Want more details on how you can save in WESTern PENNsylvania as did many other firms\*? Write today.

\*Names on request

## WEST PENN POWER

an operating unit of the WEST PENN ELECTRIC SYSTEM

WEST PENN POWER, Area Development Department  
Cabin Hill, Greensburg, Pennsylvania

MM-20

Yes, I'm interested in details of WESTern PENNsylvania's labor supply—as well as:

☐ Plant Location Services Booklet

☐ 100% Financing

☐ Relocating or Establishing a Branch Plant

Please handle in confidence and mail to:

Company \_\_\_\_\_ Phone \_\_\_\_\_

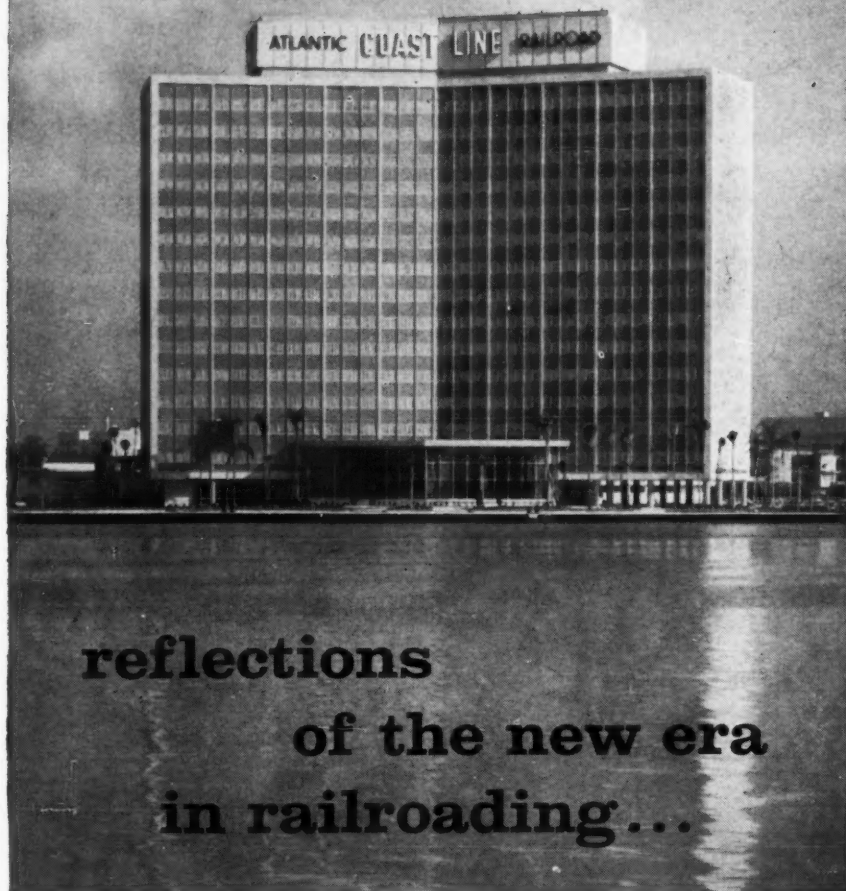
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Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

(Circle number 178 for more information)

**The New Home Office of Atlantic Coast Line Railroad  
in Jacksonville, Florida**



There's a new reflection in the St. Johns River in the heart of busy Jacksonville. Mirrored in the rippling river and rising 17 gleaming stories into the sky above is the new general headquarters of the Atlantic Coast Line Railroad.

This new building in a new home town marks a significant step forward for the Coast Line. We believe it also stands as an apt symbol of the refreshing transition now at work throughout our industry...one which promises unparalleled expansion and modernization of rail services and facilities.

Coast Line's new home at the center of our operations in the growing South is tangible evidence of our faith in this new era of more and better services for our customers.

...serving the Southeast Coastal 6



(Circle number 102 for more information)

crowded place—streets, theatres, department stores—as you would browse through a book. It doesn't matter if the nature of your business is vastly different from the affairs under your observation. Learn to “read” people, places and things. Ideas can crop up almost anywhere.

When you spot a *good* idea, try to bounce up immediately with another product, service, or area where that same idea could be applied. The more unlike the original product, service or area, the better. And never mind if neither the original nor the suggested application comes very close to your own particular business. You'll get to that on the third or fourth bounce.

When you spot a *bad* idea, don't just let it go at that. Figure out where it went wrong and what you would do instead in the given situation. *Re-think* everything you see around you. Try walking to your next appointment instead of relaxing in a taxi and see how many new ideas you can hit upon. They're lurking in every city or village block.

#### **GOODWILL CREATORS**

#### **CULTIVATE COMMUNITY INTEREST IN YOUR COMPANY**

■ YOU KNOW YOUR COMPANY is a good place to work, but does your community know it?

There's a good chance it doesn't, if you haven't made a concerted effort to publicize the fact to local citizens. In fact, surveys disclose startling misconceptions about companies in their own home towns.

It's well worth the time and effort spent on establishing a program for good community relations. There's no better way of attracting and retaining loyal, productive and willing employees.

Many managements have found interpretative plant tours one of the most effective tools for creating community understanding of their firms.

The National Chamber has prepared a guide, “Plant Tour,” based on the experiences of these businessmen. To order a copy, send 50¢ to the Chamber of Commerce of the United States, 1615 H Street N.W., Washington 6, D. C.



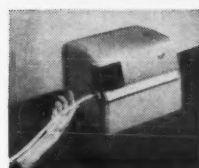
## *Stunt Box—your Big Plus with Teletype printers*

Built into Teletype Model 28 page printers is a control device called the Stunt Box. The function of this unique component is to provide extra control facilities for both local and remote operations. Thus—in addition to transmitting, receiving and recording messages and data—the page printer can be used for a variety of switching, remote control and selective calling tasks.

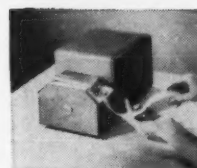
The Stunt Box reduces costs by simplifying equipment needs and systems arrangements. It is the Big Plus—the extra value in Teletype Model 28 page printers and automatic send-receive sets.

Teletype Corporation manufactures this equipment for the Bell System and others who require the finest in data communications equipment.

Write for free 20-page brochure, "The Teletype 28 Stunt Box," to Teletype Corporation, Dept. 17-K, 5555 Touhy Avenue, Skokie, Illinois.



Typing Tape Punch



Tape Reader



Send-Receive Page Printer



Automatic Send-Receive Set

**TELETYPE<sup>®</sup>**  
**CORPORATION**  
SUBSIDIARY OF *Western Electric Company INC.*

(Circle number 169 for more information)



**PROFILE OF THE NEW BUSINESS MARKET**  
**Part one of a special two-part research analysis**

# Who makes the decision to

**IF** you are a top manager, you will see *yourself* reflected in this research report on business buying practices.

But more significantly:

**IF** you sell to business, you will see *your market* profiled here. You will see the heart of the business market, with all the profitless layers lifted away.

Conventional methods of selling to business are no longer good enough. This report on the buying influence of top management could change your entire approach to your marketing problems.

## **COMING NEXT MONTH:**

### **How to identify your best business customers**

*This month's article looks at the relatively few key men who make the majority of buying decisions. Next month, the second half of this research report will spotlight the relatively few companies that buy most of what is sold to business.*

**by the Management Methods Research Staff**

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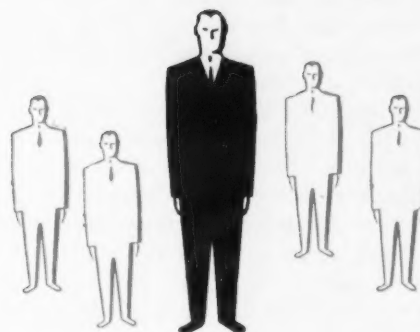
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## to buy in business?

Research reveals one unequivocal fact about the business market and the men who make the decisions to buy.

The fact is simply this:

Right now, in most organizations, all major decisions are made by *no more than five key men*.

Commonly the decision group is even tighter—perhaps three or four. These three, four or five men hold tremendous power. They have their hands on virtually every decision that is made in their company.

Buying decisions are included in their span of authority. When a decision is made to buy something, one or more of the few key men either makes the decision or personally approves it.

This meaningful fact of key man control applies in business generally. It applies in large as well as small companies.

### Who are the decision makers?

Who are these few men who hold such strong authority and who control so much purchasing power? They are the few top managers who operate at the heart of every business organization. Their most common titles are president, vice president, secretary-treasurer and general manager.

They may have other specific titles, of course. Furthermore, titles

are sometimes deceptive. It is not always the man who has the authoritative title who holds the real authority, even though this is usually the case.

One interesting sidelight: a man who does hold a key decision making position in his company may not be fully aware of how deep within the organization his personal influence is felt.

And here is one further key point: even when there are four, five or more identifiable decision makers in a company, experience shows that one man may influence or indirectly make every decision. For example, where there is a strong president, other top executives will probably look up to him, adopt his management attitude, and follow his decision making patterns.

### A sales target

There is obvious significance to the fact that in most companies only a few key men control virtually all decisions.

The significance of this fact is most pronounced in terms of selling products and services to the business market.

If you sell to business, then the few top managers in each customer company are a big part of your sales target.

Before a decision to buy can be

### An "average" president

**Age:** 50 years; **Joined firm:** 1937; **Earnings from firm:** \$29,370; **Stock owned in firm:** 15%; **Trips per year:** 12; **Days out of town:** 39.

**Some common decision areas:** profit sharing, key man insurance, new plant, sales organization.

### An "average" vice president

**Age:** 48; **Joined firm:** 1941; **Earnings from firm:** \$22,240; **Stock owned in firm:** 1%; **Trips per year:** 10; **Days out of town:** 27.

**Some common decision areas:** pension plan, executive development, new plant equipment, advertising.

### An "average" secretary-treasurer

**Age:** 46; **Joined firm:** 1945; **Earnings from firm:** \$14,590; **Stock owned in firm:** under 1%; **Trips per year:** 5 or 6; **Days out of town:** 13 or 14.

**Some common decision areas:** administrative equipment, medical benefits, insurance, investment of funds.

### An "average" general manager

**Age:** 46; **Joined firm:** 1947; **Earnings from firm:** \$19,300; **Stock owned in firm:** Less than 1%; **Trips per year:** 11; **Days out of town:** 26.

**Some common decision areas:** administrative systems and procedures, service awards, leasing, new plant equipment.

made, the key man or key men must first be sold—if not by your salesmen, then by his own subordinates who have been reached with your sales message.

It comes down to this: you cannot sell with effectiveness, economy and profit unless the top man is prominently considered in your sales strategy. He is the man who signs the orders that keep your business going. If you sell to business, you must sell top management as well as purchasing agents and direct users of your product or service.

Unquestionably, the competitor who does the best job of selling this man is going to close the most sales, and wind up with the lion's share of the market.

#### A sales problem

Your sales force will be quick to tell you that these key men we are talking about represent a tough sales problem.

The problem is that these men are not easy to reach. Certainly they are not easy for the ordinary salesman to reach directly, and they are not easy to reach by traditional selling methods.

Why are the decision makers hard to reach? Because, as the nucleus of the company, the decision making group is surrounded by protective layers of corporate organization. In one sense, the organization serves as a buffer which repels attempts—particularly attempts by salesmen—at direct contact with the boss.

In smaller companies, the problem is somewhat different. In these cases, where the top executive is embroiled in the day-to-day operating problems of his company, he can honestly claim (as he frequently does) that he just can't take the time to listen to a salesman tell his story.

The crux of the problem of selling to business, then, is the need to sell

top management—coupled with the difficulty in reaching top management.

Fortunately, this sales problem is not as difficult as it sometimes seems. There are two reasons for this:

1. Characteristically, the key men in a company are looking for ideas. They are searching for ways to stimulate growth, cut costs, build profits, or reach other company goals. If your product or service is one that solves a specific business problem, particularly in terms of dollars and cents, top management will listen. And once top management is sold on the idea, the rest of the sales job becomes relatively easy.

2. There are tested and proved ways to sell to top level decision makers. These methods are in use by many alert firms now. Such methods are touched on in the concluding section of this article.

Which top management selling methods you use, and how you shape them to your own needs, can be determined only by the specific characteristics of your marketing program.

#### A valid premise?

Just to state that only a few top men make all major business decisions does not make it so.

Is the premise valid? Can it be substantiated in the face of current discussion of business decentralization and all that is known about the need for delegation of authority in management?

The answer is yes. It has been substantiated by a number of unrelated research studies.

For example:

■ Last year a study was made among companies that sell to business. These firms were asked this question: In companies that buy your product or service, how many people, generally speaking, directly influence the purchase?

Findings of the study show that for most things sold to business, purchasing decisions are made by just a few men. In fact, in medium size companies (those with 100 to 1,000 employees), the study showed that no more than three executives, and usually only two, directly in-

## Who responded

**Table 1.** A total of 1,421 presidents, vice presidents, financial officers and general managers cooperated in the *Management Methods* executive profile study. This table shows the breakdown of respondents by title and by company size (number of employees).

Firms covered in the size categories from 100 employees on up are representative of all firms in these size groups. This is because returns were obtained from a scientifically controlled cross-section of practically all firms with more than 100 employees.

In the under-100 employee category, however, the figures are not representative of the whole; they are based on survey returns from a select group of companies in this small size category. However, these figures do provide an interesting basis for comparison with figures from larger firms.

#### Survey respondents by title and company size

	Company size (number of employees)				
	All sizes	Over 1000	250-1000	100-250	Under 100
President	22.0%	14.1%	18.2%	27.7%	30.7%
Vice president	37.5	42.2	40.1	31.0	39.1
Secretary-treasurer (financial officer)	33.4	38.9	36.1	32.2	20.1
General manager	7.1	4.8	5.6	9.1	10.1
	100.0%	100.0%	100.0%	100.0%	100.0%
	(Base 1421)	(Base 270)	(Base 521)	(Base 451)	(Base 179)



business market.

fluence purchases for their companies.

■ Two years ago a study was made among manufacturing companies. The study was undertaken by *U.S. News & World Report*, Dun & Bradstreet, Inc., and Benson & Benson. Purpose was to find out management's role in purchasing.

Six things that companies buy were covered in the study: building and plant fixtures, raw materials, cars and trucks, office equipment, insurance, machinery and equipment.

Top executives were asked if they suggest such purchases, if they approve such purchases, and if they have direct contact with the seller.

If findings for all six purchasing areas are combined, this is the picture that emerges:

Top management *suggests* the purchases in 77% of the cases.

Top management *approves* the purchases in 82% of the cases.

Top management has actual *contact* with the seller in 97% of the cases.

■ Recently, the Research Institute of America published its own research findings on management's role in buying. As reported in last month's issue of *MANAGEMENT METHODS*, these were the key findings of the RIA study:

Top management approval for purchase orders is required at a much lower dollar level than many suppliers assume.

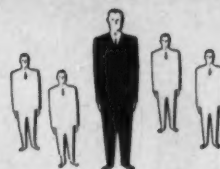
Branch operations or geographical decentralization of plants has not meant a scattering of buying authority; home office approval is still required on practically all orders.

Management is decisively involved in purchases, more than most suppliers assume.

■ Added evidence of this fact comes from three top executives who were recently discussing methods of controlling physically decentralized operations.

Said Hobart C. Ramsey, chairman of Worthington Corp.: "We limit the division manager's authority to make capital expenditures."

Said Stanley De J. Osborne, president of Olin Mathieson Chemical Corp.: "I believe in tight control. Without tight control, expenditures



## Who makes the buying decision?

**Table 2.** This table is based on figures not only from the executive profile study but also from the corporate study (which will be reported in detail next month). The same question was included in both questionnaires: *In your company, how many people actively participate in virtually every major management decision, regardless of product, service or policy involved?*

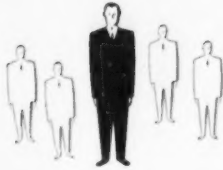
The first five rows of figures in this table are cumulative (up to the "five or fewer" row). Thus the best comparison to make is between the percentages of firms in which all major decisions are made by five or fewer executives and by six or more executives.

For companies of all sizes, the figures show that in most cases (76.5%) no more than five key executives are the decision makers. In nearly two-thirds (60.3%) of the firms reporting, only four or fewer men are the key decision makers. In nearly half of the companies (42%) three or fewer men make all decisions.

The figures show that in even the smallest companies there are usually at least two key decision makers. As a company grows, the number of decision makers tends to grow, too, although not at the rate that might be expected. For example, even for the largest firms (over 1,000 employees) there are no more than three decision makers in nearly a fourth of the firms.

Earlier research by the *Management Methods* research staff shows that, even when there are four, five or more identifiable decision makers in a company, one man may influence or indirectly make every decision. A strong president, for example, will cause other top executives to follow his decision making patterns.

No. of executives making major decisions	Company size—(number of employees)				
	All sizes	Over 1000	250-1000	100-250	Under 100
One	3.5%	1.0%	2.4%	3.6%	5.0%
2 or fewer	15.0	7.1	10.5	19.1	24.1
3 or fewer	42.0	22.9	33.7	49.9	62.7
4 or fewer	60.3	39.3	52.1	70.0	79.5
*5 or fewer	76.5	56.4	71.4	85.3	88.7
*6 or more	23.5	43.6	28.6	14.7	11.3
*Total	100.0%	100.0%	100.0%	100.0%	100.0%
No. of firms (base):	2595	397	907	910	381



made by various departments or decentralized locations could run you out of house and home."

Said Gordon H. Smith, vice president of Smith-Corona Marchant, Inc.: "Under our system, capital items are budgeted, but must be re-approved by top management at the time the actual expenditure is to be made."

Another executive has put his finger on the centralization of real authority in business. J. Lawrence Buell, Jr., president of Formsprag Co., in Warren, Mich., was being interviewed by a *MANAGEMENT METHODS* editor. Said he: "I have regarded many substantial organizations, and I am quite sure that in all of them, all major decisions are made by no more than a half-dozen men at the top. Others may contribute to the thinking, but these others aren't really making the decisions."

Clearly, all signs point to the same fact—that top management, even in large companies, keeps a firm grip on the purse strings and must be personally sold on an idea before releasing funds for a purchase.

You can substantiate this fact by considering your own company's purchasing practices. What is your personal influence on various kinds of purchases? Is it not true that one or more of the few key decision makers in your company control virtually every purchase that is made?

#### **New research findings**

Now there is a new research study to validate the premise that a few key men at the top make all major business decisions.

This new study of the business market has been carried out over a period of months by the research staff of *MANAGEMENT METHODS*. Here is how the study was conducted.

Two separate questionnaires were constructed. One was called an "executive profile study." The

*continued on page 55*

## **Facts about the decision makers**

**Table 3.** The four sections of this table give you a picture of the anatomy of the "average" president, vice president, secretary-treasurer, and general manager. Actually, figures given here, with the exception of ages, are not averages, but medians, since median figures provide a more accurate reflection of the information compiled in the study.

The figures on vice presidents cover vice presidents in charge of various departments, as well as executive vice presidents. The figures on secretary-treasurers include a few related titles.

Note that, generally speaking, there is very little difference in the average ages of a man who is a top executive in a small company, and his counterparts in larger companies. There is also very little difference in the ages of men with different titles, although presidents and vice presidents tend to be slightly older.

There is a difference, however, in the length of time men with different titles have stayed with their companies. The average president has been with his company for 23 years. For the other executives, the time is shorter: 19 years for VPs, 15 years for secretary-treasurers, 13 years for general managers.

The advantage of being a corporate president shows up clearly in the comparative earnings of the four groups. (Figures given are income from the company only.) In the smaller companies, the president's salary advantage is not dramatic. However, by the time the company has grown to the 250 to 1,000-employee category, the president is making over \$35,000, compared to about \$23,000, \$14,000 and \$22,000 for the other three titles. In the over 1,000-employee category, the difference is even more dramatic: \$50,000 for the president, against \$30,000, \$19,000 and \$25,000 for the other men. The figures show, in other words, that as a company grows, the president's income rises on a much sharper curve than for other top executives.

This could be due partly to the fact that presidents have not only more authority but more financial control of their companies. About 88% of the presidents are stockholders of their companies; they own about 15% of the outstanding stock. Only about half of the other three groups own any company stock, and their ownership is limited to about 1%.

Another reason for the higher earnings of presidents is obviously the fact that they work harder. For example, the figures show that the average president travels to the extent of about three days out of town every month. The other top executives take fewer trips and are away from home for shorter periods of time.

**Company size—(number of employees)**

**Presidents**

	All sizes	Over 1000	250-1000	100-250	Under 100
Age (average)	50.5	53.8	50.8	50.5	47.1
Year joined firm	1937	1935	1937	1939	1935
Annual earnings	\$29,370	\$50,660	\$35,350	\$24,075	\$19,820
Stockholder of firm (% yes)	88.1%	86.8%	88.4%	89.5%	85.2%
% of stock owned	14.9%	Under 1%	7.8%	23.5%	33.0%
Days out of town—business trips	38.7	50	43.4	31.7	27.3
Trips per year	12.3	19.7	14.1	10.4	11.9

**Vice presidents**

Age (average)	48.3	50.1	48.6	47.1	48.4
Year joined firm	1941	1938	1941	1941	1941
Annual earnings	\$22,240	\$30,870	\$22,900	\$19,420	\$17,230
Stockholder of firm (% yes)	69.7%	78.9%	69.9%	65%	64.3%
% of stock owned	1.4%	Under 1%	1.2%	4.4%	6.1%
Days out of town—business trips	26.9	31.9	27	23.5	25.9
Trips per year	10.1	11.9	10.3	9.7	11.9

**Secretary-treasurers (financial officers)**

Age (average)	46	49.3	45.6	44.8	43.8
Year joined firm	1945	1942	1946	1947	1948
Annual earnings	\$14,590	\$19,070	\$14,360	\$13,120	\$12,500
Stockholder of firm (% yes)	57.8%	67.6%	58.9%	53.4%	41.6%
% of stock owned	.8%	.6%	.8%	.7%	.7%
Days out of town	13.5	17.2	13.8	10.6	13.3
Trips per year	5.5	7.4	5.5	5.4	5.4

**General managers**

Age (average)	46.3	51	46.3	46.5	43.3
Year joined firm	1947	1938	1945	1948	1953
Annual earnings	\$19,300	\$25,625	\$21,750	\$17,700	\$13,750
Stockholder of firm (% yes)	40%	46%	44.8%	43.9%	17.6%
% of stock owned	.7%	.6%	.6%	.8%	3.3%
Days out of town	26.1	21.2	26.7	26	25.
Trips per year	11	less than 5	9.2	12.5	11.8



# What are their major areas of

## The president

**Table 4.** In the minds of many people, the modern top executive is a carefully dressed man sitting behind a mahogany desk in an expensively decorated office, with the smokestacks of a smoothly running plant framed in the window behind him. He sits there thoughtfully, devoting himself wholly to huge problems of overall planning and high finance.

The falsity of this picture is shown clearly in the new research findings. Figures at right show the top executive as a man on the move, with his sleeves rolled up, plunging into every area of the business where there are problems to be solved or advantages to be gained.

In the executive profile study, participants were given a list of 22 decision areas and were asked to specify the areas in which they made "a major decision relative to capital expenditure or policy during 1959." The columns at right show percentage of respondents in each company size category who said they did make a decision in the various areas last year.

The fact that a presidential decision on administrative systems and procedures was made in 65.2% of the companies does not mean that no such decision was made in the remaining 34.8%. Obviously a top executive other than the president could have made a major decision in the administrative procedures area. On the other hand, the figures in this table give reason to believe that if a major decision were made in this area, the president very likely would be involved. The same applies to many if not most of the 22 decision areas covered.

The figures show a very low degree of specialization among top executives. The relationship between the figures for the four different titles is fairly consistent. For example, a relatively high percentage of men in all four title categories said they made a decision on medical benefits, pension plans, and administrative equipment. On the other hand, their decision making was consistently lower in the areas of employee feeding and new stock issues. However, there are some understandable areas of decision specialization, too. For example, more general managers (73.2%) made decisions on new plant equipment than did secretary-treasurers (31.2%). But more secretary-treasurers (45.5%) made decisions on investment of funds than did general managers (11.8%).

Decision area	All Sizes	Company size—(number of employees)			
		Over 1000	250-1000	100-250	Under 100
Administrative systems & procedures	65.2%	68.4%	69.5%	60.8%	65.5%
Administrative equipment	35.5	21.1	36.8	36.	41.8
Pension plan	33.8	42.1	29.4	38.4	25.5
Profit sharing	35.1	31.5	35.7	37.6	30.9
Service awards	16.9	23.6	14.7	16.8	16.3
Medical benefits	36.1	36.8	28.4	37.6	50.
Feeding & housing	3.1	2.6	4.2	1.6	5.4
Key man insurance	31.6	31.5	27.3	34.4	32.7
Executive development	41.4	68.4	37.8	40.	32.7
Investment of funds	34.5	44.7	26.3	37.6	34.5
Leasing	26.8	44.7	24.2	23.2	27.2
Seeking capital	26.5	36.8	24.2	26.4	23.6
New issues	11.8	13.1	14.7	9.6	10.9
New plant	53.6	78.9	55.7	49.6	41.8
New plant equipment	64.8	55.2	75.7	66.4	49.
New product	47.9	44.7	50.5	50.4	40.
Sales budget	48.2	57.8	53.6	43.2	41.8
Sales organization	51.7	44.7	54.7	56.	41.8
Advertising budget	54.6	57.8	57.8	50.4	56.3
Advertising media	26.1	23.6	25.2	22.4	38.1
Warehousing facilities	23.9	42.1	24.2	20.8	18.1
Transportation equipment	22.	21.	20.	21.6	27.2

## The vice president

Decision area	All Sizes	Over 1000	250-1000	100-250	Under 100
Administrative systems & procedures	68.5%	68.4%	64.1%	71.4%	75.7%
Administrative equipment	38.3	40.4	29.2	46.4	45.7
Pension plan	37.1	45.6	39.2	31.4	28.5
Profit sharing	26.4	27.1	27.7	27.1	21.4
Service awards	15.3	16.6	17.7	13.5	10.
Medical benefits	38.6	30.7	35.4	46.4	45.7
Feeding & housing	4.1	5.2	2.8	5.	4.2
Key man insurance	23.6	19.2	26.3	25.	20.
Executive development	40.3	48.2	41.6	40.7	22.8
Investment of funds	33.3	39.4	32.	36.4	21.4
Leasing	28.8	30.7	26.7	37.1	15.7
Seeking capital	13.8	16.6	13.3	11.4	15.7
New issues	12.3	16.6	13.8	9.2	7.1
New plant	47.2	53.5	50.2	46.4	30.
New plant equipment	57.	53.5	59.3	62.8	44.2
New product	39.2	42.9	37.7	43.5	28.5
Sales budget	39.9	38.5	41.6	39.2	38.5
Sales organization	37.3	32.4	38.2	40.7	35.7
Advertising budget	42.4	46.4	39.7	44.2	36.3
Advertising media	21.5	22.9	15.7	27.1	25.7
Warehouse facilities	27.3	25.4	28.7	28.5	24.2
Transportation equipment	23.	21.	25.3	24.2	17.1

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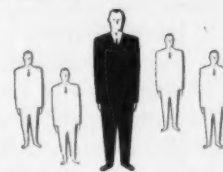
### The secretary-treasurer (financial officer)

Decision area	All Sizes	Company size—(number of employees)			
		Over 1000	250-1000	100-250	Under 100
Administrative systems & procedures	80.4%	80. %	80.3%	80.7%	80.6%
Administrative equipment	59.1	46.7	60.6	62.1	75.
Pension plan	37.5	42.8	34.6	38.6	33.3
Profit sharing	25.7	25.7	22.3	31.	22.2
Service awards	11.1	13.3	7.9	11.7	19.4
Medical benefits	42.6	33.3	43.	47.5	47.2
Feeding & housing	3.3	3.8	3.7	2.7	2.7
Key man insurance	28.4	29.5	23.9	34.4	25.
Executive development	18.9	26.6	17.5	18.6	5.5
Investment of funds	45.5	53.3	43.	42.	50.
Leasing	29.5	26.6	31.5	27.5	36.1
Seeking capital	16.2	13.3	14.4	20.9	19.4
New issues	10.9	19.	9.5	8.2	5.6
New plant	25.1	24.7	25.5	25.5	22.2
New plant equipment	31.2	20.	30.3	37.9	41.6
New product	14.1	8.5	13.8	17.2	19.4
Sales budget	27.6	21.9	23.9	33.1	41.6
Sales organization	9.2	2.8	5.3	16.5	19.4
Advertising budget	25.5	19.	21.2	28.9	52.7
Advertising media	6.1	1.9	4.7	6.8	22.2
Warehouse facilities	12.4	5.7	8.5	18.6	27.7
Transportation equipment	13.5	7.6	9.5	19.3	27.7

### The general manager

Administrative systems & procedures	63.6%	53.8%	62. %	70.7%	55.5%
Administrative equipment	27.7	23.	24.1	31.7	27.7
Pension plan	27.7	47.6	31.	26.8	16.6
Profit sharing	11.8	15.3	3.4	14.6	16.6
Service awards	15.8	23.	13.8	17.	11.1
Medical benefits	35.6	46.1	34.4	29.2	44.4
Feeding & housing	4.9	23.	3.4	2.4	—
Key man insurance	11.8	15.3	17.2	9.7	5.6
Executive development	38.6	38.4	58.6	26.8	33.3
Investment of funds	11.8	23.	6.8	9.7	16.6
Leasing	23.7	30.7	17.2	26.8	22.2
Seeking capital	10.8	7.6	13.7	4.8	11.1
New issues	2.9	15.3	3.4	—	—
New plant	45.5	46.1	44.8	41.4	55.5
New plant equipment	73.2	69.2	86.2	68.2	66.6
New product	49.5	15.3	58.6	56.	44.4
Sales budget	31.6	53.8	31.	17.	50.
Sales organization	45.5	30.7	24.1	53.6	72.2
Advertising budget	34.6	23.	31.	34.1	50.
Advertising media	23.7	15.3	10.3	26.8	44.4
Warehousing facilities	33.6	15.3	41.3	31.7	38.8
Transportation equipment	32.6	23.	37.9	29.2	38.8

continued from page 52



other was called a "corporate study."

**Executive profile.** The executive study was designed to create a statistical picture of top executives in the four major title categories of top management: president, vice president, financial officer (particularly secretary-treasurers), and general manager.

The questionnaire included questions about the executive in relation to his job and his company—salary, years with firm, stock ownership, etc.

In addition, the questionnaire listed 22 capital expenditure areas, ranging from purchase of employee medical benefits to purchase of transportation equipment. Executives were asked to indicate the capital areas in which they personally made a major decision last year.

Finally, the executive profile questionnaire asked this question: *In your company, how many people actively participate in virtually every major management decision, regardless of product, service or policy involved?*

**Corporate study.** The second questionnaire, the corporate study, was designed to create a statistical picture, not of executives, but of companies as a whole. It called for general corporate information, such as type of business, number of employees, and so on; information on capital investments (net worth, buildings owned, plans for expansion, etc.); and information about sales and distribution (volume, foreign markets, advertising methods, etc.).

In addition, the corporate study repeated one question from the executive profile study: how many people participate in virtually every company decision?

#### Scientific sampling

Each of these questionnaires was sent to a random sampling of the MANAGEMENT METHODS readership. Actually, this random sampling provided a scientifically selected cross-section of the worthwhile layer—

the cream—of the American business market.

Here's why:

The circulation of this magazine is scientifically controlled to reach decision making executives at the policy level in U.S. companies of all kinds with a minimum of 100 employees. The magazine reaches virtually all companies with over 1,000 employees, and about four out of five companies in the country with between 100 and 1,000 employees.

Earlier studies by the MANAGEMENT METHODS research staff have established the fact that there are only 51,000 business establishments in the U.S. with 100 or more employees. These companies constitute the worthwhile segment of the business market because 1) they buy most of what is sold to business, and 2) they buy in large enough quantities to make it profitable to sell to them.

The Research Department thus concluded that a sampling of the magazine's own circulation would provide the best base for the two research studies that were to be conducted. A random sampling of these readers would provide a representative cross-section of top executive titles in a representative cross-section of companies.\*

### Anatomy of the decision makers

A total of 1,421 completed survey returns were received from executives participating in the profile study.\*\* *Table 1* on page 50 gives the breakdown of these returns both by title and company size. *Tables 2* through *4* give you a tabulation of the findings drawn from the questionnaire answers.

Note that in most cases median figures are presented, not averages, because the medians present a more

accurate and more meaningful reflection of the facts compiled in the study.

### Find yourself in the picture

To find yourself in this picture, first locate the tables which pertain to your title or the title closest to your own. Then, within these tables, find the company size category (number of employees) that covers your own firm. Now compare yourself and your company with the various figures presented, and you'll find out how close you come to being "average."

If you examine the tables closely for a few minutes, thinking in terms of your own business, you will find that you can make all kinds of valuable comparisons and analyses with the figures. A few general analyses in capsule form are presented in the captions with each table.

### How to sell to top management

All of the findings of this research study converge to form a pinnacle point.

The point is this: in most companies just a few top managers (usually five or fewer) make all the major decisions. They may perform their decision making collectively, or they may do it individually. Nevertheless, since they make the decisions, including the buying decisions, they must be sold one way or another before any buying is done.

How can they be sold? For many products and services sold to business, the traditional method has been for salesmen to sell at the operating or middle management levels, and hope that their sales story is then carried up to the top with some degree of enthusiasm and accuracy.

Alert companies have turned away from this obviously weak approach. Instead, they now sell both to the user and to top management, as directly as possible.

This commonly means that top management of the selling firm must get involved in the selling job. It makes sense that if top management of the customer firm participates directly in the buying, then top management in the selling firm should participate at least indirectly in the selling. For example, a president who is inaccessible to a salesman is likely to open the door

to the president or other top executive of the supplier firm.

**Telephone selling.** As reported last month in MANAGEMENT METHODS, some presidents use the telephone to keep in touch with regular customers and to establish contact with new prospects. They find the method offers these advantages among others:

- It permits top management-to-top management contact without consuming a lot of time.

- Person-to-person calls will practically always get through, especially if the caller mentions his title.

- Preliminary calls help identify the most likely and unlikely prospects—and, at the same time, can open the door for personal visits to those desired.

**Personal visits.** Of course, another way that top management can take part in selling to business customers is with personal visits. Some top executives schedule a certain amount of time each month for field selling.

Experience shows that there is some danger in this. If top management gets too deeply involved in the sales job, salesmen may begin to lean on this kind of support as a crutch. Top management sales activities should be a supplement to, not a replacement of, the regular sales program.

**Other methods.** There are other ways to sell to the top management of your customer firms. One is by directing your advertising to top management. This can be done both by the way your ads are written and designed, and by the selection of media to carry your ads. Generally speaking, if you sell something to business, your advertising should reach both the user level and the top management level.

Letters, direct mail, special sales presentations—there are dozens of ways to sell to the men at the top who make the buying decisions.

Unquestionably there are problems in selling to top management, but these problems can be readily overcome if one condition exists—if your product or service can be sold on the basis that it solves or helps to solve a specific business problem.

If what you sell can be demonstrated to cut costs, improve methods, build sales, increase profit in the customer company, then top management will listen, eagerly. ■

\*A minor portion of the Management Methods circulation goes to firms with fewer than 100 employees. These are select companies and are in no way representative of the more than four million firms in this size category. Nevertheless, survey returns from this special group of small companies does provide an interesting basis for comparing top executives in small firms and large ones.

\*\*Slightly more than 800 returns were received from participants in the corporate study. Analysis of the findings in this study will be reported next month in the second half of this research report.

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# WAIT!

## Don't take the obvious for granted in Plant site selection



When selecting a new plant site, don't *assume* anything. The decision is too important for that. Before you nail down a new plant, give attention to everything—especially those details that seem obvious.

In almost every sentence of this article you'll find an item that warrants attention.

by **Maurice Fulton**, Partner,  
The Fantus Co.,  
Chicago and New York



*Maurice Fulton has traveled nearly a million miles and visited more than a thousand communities in search of economical locations for new plants. He joined*

*The Fantus Co. in 1939. Founded in 1921, the Fantus Co. has helped locate more than 1,800 plants in North and South America.*

*The Fantus Co. has some 40 specialists trained in labor, taxation, marketing, raw materials, power and fuel, transportation, geology, and similar fields which affect the success potential of a new plant in a new location.*

Suppose you've decided just where to put your new plant. Everything appears right: labor is plentiful, markets and suppliers are nearby, taxes are favorable, the new community is waiting for you with open arms.

You've even checked the plant manager's mother-in-law, and she considers the new place adequate for herself and her daughter.

### Wait!

Slow down a minute before you make your final decision. You have probably chosen the right place. But in deciding something as vitally important as the location of a plant, *probably* isn't good enough. The word *probably* permits the

possibility that you are making a very costly mistake.

Specifically, what mistake could you be making? Here are 12 mistakes that companies have commonly made when picking a plant site. Companies by the dozens have unwittingly fallen prey to these hidden pitfalls. If you know these dangers exist, it will help you to avoid them.

### 1

There was no frivolity intended in the mention of checking the new location with the plant manager's mother-in-law. In one case, a midwest company had decided to move—but the research director's

mother-in-law decided to stay. If her mother wouldn't go, neither would the research director's wife. If his wife wouldn't move, neither would the research director. And he was important enough to this organization that it wouldn't go to a new location unless he went along too.

This company is still doing business at its old, uneconomical stand.

Moral: the success of the new location depends on people. For some companies, it's the entire work force; in most, it's a number of top echelon people who are the cogs turning the wheels of industry.

Don't choose a plant location unless you know beforehand that your essential cogs will go there with you.

## 2

Be careful about calculating labor costs at your new location. For example:

- Average labor costs don't tell enough. What is the cost for the particular labor skills you will need?
- Even comparative costs for individual skills don't tell enough. Local fringe benefit practices may make apparent labor costs much higher.

- Other easy-to-overlook factors: length of local workweek, overtime patterns, turnover, absenteeism. Poor worker attitudes may be converted into man-days lost in strikes and labor disturbances.

## 3

Will the site you choose do the job expected of it?

One company selected a site in California, but failed to take soil borings. After \$750,000 was spent to pile the land, the site was abandoned.

Flooding may cause unexpected problems, too. If the prospective site has been flooded within the past 20 years (and don't expect anyone to volunteer this information), chances are it's a good one to avoid.

Site-related factors also affect economics. If utilities have to be

extended to the site, who pays for the extension?

Are you only *assuming* that local public transportation authorities will service your plant and employees.

## 4

Have you been lulled into thinking the available labor force is adequate? Maybe you'd better check more closely. Without people in your factory, you won't be in business long, and yet hundreds of firms have made foolish estimates of local labor resources.

Locations near resort areas or adjacent to high paying seasonal industries usually have less labor available than is apparent.

Has a local industrial development group been successful in attracting another new plant, along with yours, so that you will be in competition for the labor supply?

Are you assuming that you'll be able to attract workers who now commute to high paying jobs outside the city? That seldom works out. And are you fully familiar with the caliber of the local available labor force? Over-age applicants, marginal workers, drifters, and the physically unfit may cut the local labor reservoir to a bare minimum—or less.

Consider this rule of thumb: for your new location, insist on a ratio of at least four applicants, permanently and locally available, to every job required. This will assure reasonable selectivity.

## 5

An electronics company, employing nearly 400 people, located in a new plant about five years ago. After a couple of years of operation, management was convinced it had made an excellent choice, reporting savings on production and distribution costs of 16%, chiefly because of geographic location.

Within the next five years, however, this company will be in trouble. Why? Because it failed to look far enough into the future. Its pres-

ent site allows no room for expansion; further, it is hemmed in by residential and commercial expansion nearby. Before long, with continuing good business, it will have outgrown its present home.

Choosing a site of inadequate size for future growth is a common failing. More subtle pitfalls, but equally common, lie in choosing sites served by water, sewerage, power, and gas lines of limited size.

This, then, is a basic of plant location studies: a site that will provide for only your present needs is inadequate; instead, a description of your needs should be based on a realistic projection of your company's business level, markets, manpower needs, technological developments, supply sources, and related factors of 10 to 15 years from now.

## 6

Chances are that an important reason you're seeking a new location is to effect significant economies in distribution. Yet, with this as an obvious and primary goal, hundreds of firms have made decisions where no economies were gained or even where distribution costs ran higher.

As is so often the case, assumptions based on the obvious are the evil spirits.

For instance, one large company, judging it would be close enough to the existing industrial district, *assumed* its new location was within the free pickup and delivery zone of a large city. It was not. The estimated cost of this oversight is in the neighborhood of \$40,000 annually. Here are some other common errors:

- *Assuming* freight transportation services will be available. The use of a highway in front of a plant site by over-the-road trucking firms does not in any way guarantee service from these companies. In some cases, your preferred trucker may lack authority from the Interstate Commerce Commission to serve you, or the trucking companies available to you may not provide direct, efficient service to the

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■ *Assuming* that favorable commodity rates applying at certain points will be available at nearby locations. This may not be the case because the favorable rates conflict with historic interrelationships between freight rate-making territories.

■ *Assuming*, in building a warehouse, that the available freight "spread" is sufficient to warrant the capital outlay involved. Freight economies in separate warehousing may be more apparent than real. A careful study citing projected transportation costs from the plant and from the proposed warehouse is called for.

7

Does the new community have a wide enough range of services, supplies, and supporting industries necessary to your plant?

We have found a number of cases in metalworking and product assembly where the community measured up well in availability of primary supplies for manufacturing requirements, but lacked nearby facilities for forging, plating, and heat treating . . . problems that would not be solved for a number of years, but which affect adversely the day-to-day operations of these firms.

Other companies, including chemical manufacturers, have reported it necessary to carry excessive and costly inventories of spare parts to insure reliable operations simply because their localities lack well-stocked mill supply houses able to make prompt deliveries of necessary items.

8

Have you ruled out any possible problems connected with utilities and their costs? In a Fantus survey some years ago, 400 companies indicated they had made miscalculations concerning costs for water, gas, power, or effluent disposal, with water problems especially frequent.

Engineers of one company using eight million gallons of water quar-

terly estimated charges of \$967 prior to location. To say the least, they were surprised at their first quarterly bill: \$1,580. Someone hadn't told them, and they hadn't checked, about sewer assessments.

A number of chemical companies in the Southwest, requiring water for cooling, found unexpectedly high ground water temperatures. In other cases, companies have admitted that insufficient water pressure made necessary the unexpected construction of expensive sprinkler tanks.

And, in cases parallel to the assumption that trucking firms using highways passing a plant will provide freight service, many firms have been chagrined to learn that they could not tap into natural gas pipes that pass near or through their communities. As with transportation service, the federal government controls interstate natural gas service, and the proximity of a line is by no means assurance that service is available locally.

9

It is estimated that one of every 10 failures in new plant locations is due to the fact that executives in charge of selecting the location simply are not fully aware of their own production and distribution costs. These men have failed to evaluate and weigh the cost "input" factors of their product—labor, assembly of raw materials, transportation, power, fuel, and so on—and therefore are in no position to delineate the problem, emphasize savings in the most important cost elements, and subordinate lesser cost factors.

Thus, for instance, in a plant employing extensive automated processing, a savings of 20% in labor costs may be inconsequential, while a savings of 5% in transportation costs may be very important.

10

Tax structures obviously are important in the cost of doing business, but a realistic estimate of  
*continued on page 108*

## True or False?

**"No need to worry about truck service at this new plant site. Trucks from three motor freight companies go by here every day."**

**"Gas service will be no problem. A pipe line runs right along the highway where we plan to put the new plant."**

**"Flooding? No chance of that here. There has never been a flood in all the 12 years I've lived in this town."**

**"Obviously, we don't have to worry about labor in the new plant location because there are enough available people to provide three or four applicants for every job we have to fill."**

**"We are going to make a tremendous saving when we move to our new location because the taxes are so much lower there."**

*Every one of these statements is potentially false. Why? Because they are all based on the mistake of assuming fact from the obvious. Millions of dollars have been lost by just such seemingly innocent reasoning when a new plant site is being selected.*



# How to protect your employees from

Your employees—and you, yourself—are subject to a limitless variety of gyps and swindlers. An employee who gets “hooked” on one of these swindles may become a company liability. Many firms make a point of warning their employees of the “wolves who wait at the factory gate.” Here are the facts on the most frequent types of gyps and rackets.



As metal worker Tom Bronson left the plant one pay day last spring, he was approached by a smooth talking salesman.

“Say, Bud, take a look at this!” The salesman held up a shiny ring and a good looking watch. Pushing the ring onto Tom’s finger, he said, “You look like a nice guy to me. I’d like you to take that ring home and show it to your wife. Use the watch as long as you like. No charge at all.”

The ring looked fine. So did the

watch. “What’s the catch?” Tom asked.

“No catch. Just try them out. Bring them back any time you like. Oh, yes, you’d better sign this slip of paper, so I don’t get in trouble with the boss.”

Tom’s wife didn’t like the ring, and the watch didn’t work. But when Tom tried to return them, he found the “slip of paper” he’d signed was a note binding him to exorbitant payments. What’s more, his pay was garnisheed—tied up by a court order until the watch and ring were paid for.

Rackets as seemingly transparent as this one are being worked on employees all over the country.

Here’s what commonly happens when an employee gets “hooked” on such swindles. He loses more money than he can afford. He be-

gins to worry and he becomes a less effective worker. In some extreme cases, swindled employees have become so ineffective on the job that they have had to be released. This compounds the employee’s problem of course.

As a manager, you’ve cause to be concerned. First of all, a man’s job performance drops. Secondly, if his pay is garnisheed, it’s an additional bookkeeping job for you. Many companies even have a policy that states that an employee whose wages are garnisheed is subject to dismissal.

The third cause for concern is that you yourself may fall victim to one of these gypsters. True, you’re probably too knowledgeable to fall for the same racket Tom Bronson did, but how much do you know about storm window “deals” . . . “special” home remodeling offers . . . air conditioner “discounts” . . . TV purchase-service “breaks”?

The sharpsters who work these gyps are subtler, perhaps, than the ones who lurk at the factory gate, but their basic methods are the same. And they can “take” you for much more.

The most frequent types of swindles—and actions to guard against them—are outlined in the following sections. After reading them, you may want to post a checklist of warnings to your employees. “It’s

“It won’t cost you a cent.”



## About this article

This article and its illustrations were adapted from several booklets written by David R. Buschman for the Cleveland Better Business Bureau.

The booklets cover such topics as “Your home, paradise for gyps,” “When you buy on time,” “TV without tears,” etc. They are available either in single copies or in bulk quantities for a nominal price. Some firms distribute these booklets among their employees.

If you’d like more information about booklets available, and prices, write to the Cleveland Better Business Bureau, 345 Hanna Bldg., Cleveland 15.

## from rackets and gyps

one good way to boost employee relations," reports the personnel manager of a manufacturing firm.

### Beware of "special prices"

Nobody ever gets something for nothing. But there are too many people who think they can. Here's an example.

At a coffee shop near his plant, one employee was offered a \$75 watch for \$30. He examined it carefully in the dim light. It appeared to be a genuine Longines. He took it, and went home happy over the deal he had put over for \$30.

But when he showed the watch to his wife under the bright lights at home, he got an unpleasant surprise. The name on the dial looked like Longines, but close inspection showed that it really said "Lorjine." A reputable dealer estimated it was worth \$2.50.

Warning: amazing discounts are almost certain to lead to trouble. Avoid them.

The same kind of swindle, with variations, is used with perfume, appliances and TV sets.

Outside one office building, a salesman was doing a booming business with perfume wrapped in a fancy package. The price—\$18.50—was clearly marked on the outside. But the salesman liked the people

at the ABC Co., he said, and that's why he was offering the perfume at half-price—just \$9.25.

It worked—until one suspicious girl found that the same perfume could be bought in a downtown store, not for \$18.50 or even \$9.25, but for two thin dollars.

In another case, a salesman operating in a tavern near a plant offered TV sets, any make or model, at a flat 40% off. But, he told the men who fell for it, he needed \$75 cash down-payment to swing the deal.

Weeks went by and no sets were delivered. But he had a good line, and kept collecting. One day he disappeared with all the money. Left: many "suckers" less \$75.

Warning: be suspicious of any stranger who offers to "get it for you at a discount." In nine out of 10 cases, he's out to pad his wallet, not yours.

### The "coupon" racket

Sometimes sharpsters will talk merchants near a plant into offering grease jobs, lunches, dry cleaning, etc. at a special low price for plant employees who buy coupons. The plan is supposed to build business for these merchants.

A total of 10,000 coupon books were sold to workers in one large factory. Figure out how long it would take one small service station involved in the coupon book program to provide 10,000 grease jobs. The merchants lose goodwill, the plant employees are out of cash and the promoters leave to clean up at a new location.

A variation of the coupon book is the "merchandise check" gyp. Smooth talking salesmen pass these out at the plant gates, assuring employees they are worth \$10, \$20, even \$100 toward the purchase of a



"Give me \$10 now and..."

diamond ring, TV set, car, and so on.

Actually, these "checks" are worthless. Workers who have taken them in for redemption are fast-talked into buying at a higher price than they would have paid in a reputable store. Shady merchants will jack a \$50 dollar price up to \$70, meaning they can afford to "discount" a \$10 merchandise check, and still make a killing.

### Punchboard gyps

Some racketeers will talk a plant's employees into unknowingly victimizing their fellow workers. One way they do it is with the punchboard racket.

The swindler will wait until he gets a couple of employees alone. He'll tell them that if they get fellow employees to buy chances on a punchboard he supplies, they'll get a free radio or appliance for their trouble. He claims that the fellow workers can win valuable prizes. He may even say that the profits will go to a worthwhile charity.

Here's the catch: the merchandise provided for winners is cheap and shoddy, if the winners get anything at all. The employee who

### Amazing discounts: trouble.





bought the punchboard in the first place (with the "sure guarantee" of getting his money back) is in double trouble. He's taken by a swindler and he's in the doghouse with the fellow workers.

### "Suit club" swindles

"Suit clubs" are an increasingly popular racket. As expected, everybody loses but the sharp operator who sells them. They work several ways.

For instance, an industrial employee joined the Marshall Seith suit club, paying \$2 a week toward the purchase price of a "tailor-made" outfit. He received a coupon book with a numbered ticket that was torn off by the suit club's salesman.

"If your number comes up at our weekly drawing, you get your suit free," the salesman said.

After the employee had paid \$38 toward his suit, he decided he wanted it then. The suit cost \$75, so he went to the store and paid the balance he owed. When he tried the suit on, it didn't fit. He took it back. The tailor made a few alterations and returned the suit, but it still didn't fit. There, claimed the tailor, his obligations stopped.

The trouble with suit clubs is that the "sucker" pays a good deal of money for inferior work and inferior materials. The supposed drawing is just a come-on; usually it's fictitious. In every case, employees are better off if they buy their merchandise from reputable retailers.

### What about "wholesale"?

It doesn't matter who you are—it's seldom that you can really "get it wholesale." Certain costs are involved in selling single items to many people. These costs cannot be compared to wholesale costs, where one item is sold in large

amounts to one single customer.

But gypsters still attract "suckers" with the magic words "wholesale," "factory-to-you," and "discount."

Here are some typical swindles.

Mary Walker, a secretary, was approached by a salesman as she was leaving work one evening. He talked her into joining a discount club. She paid \$2 a month membership dues, getting in return a 40% discount on anything in the catalog.

One day she decided to buy a top-brand radio. It was listed in the club's catalog for \$64. The 40% discount brought the price down to \$38.40. Months later, she discovered that \$38.40 was the regular retail price at any store in town.

Many unethical dealers, retailers and discounters pad prices to make the discount look good. Some print price lists double what they should be, then offer goods at "half price."

Another man paid \$250 to a factory-gate "wholesaler" for a bedroom set and an incinerator. Six months later, he had received only the box springs. When he complained, the salesman stalled him with, "Don't ask me. I sent the order to the warehouse. I don't know what they've done with it." The warehouse in this case was 300 miles away. Experience shows this sort of run-around may stretch on for years.

Outside the door of an eastern manufacturing plant one evening, was a truck with several TV sets on it. One employee bought a set at a reduced price, but returned it the next evening. "It doesn't work," he complained. The salesman told him nothing could be done, since it was a discount purchase.

Many discount houses are thoroughly reputable and offer outstanding bargains. But the magic in the name "discount house" has at-

tracted many gypsters who hide behind it. If you're going to go to a discount house, it pays to know the store's reputation.

### Watch what you sign

The most insidious swindlers are those who try to get the customer's signature on what they call a "receipt." Actually, these "receipts" turn out to be high-payment purchase contracts or, even worse, cognovit notes.

A cognovit note with your name on it authorizes "any attorney at law to appear in any court of record in the United States and waive the issuing and service of process and confess a judgment against you." It is also a promise by the signer to "release all errors and waive all right of appeal." Cognovit notes are not recognized in every state; only some states have them.

Here's how one man was tricked into signing a cognovit note.

Larry Streeter, a steel worker, was waiting for a bus one night when a man in the crowd showed him a ring, and asked him if he'd like to buy it for his wife. Larry was cautious, and he didn't bite.

"Tell you what," the salesman said, "just give me \$10 and you can take it home. If the wife doesn't like it, let me know and I'll give you your \$10 back."

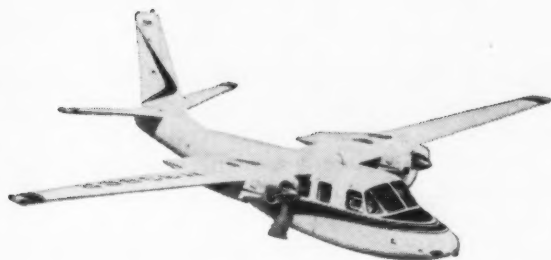
That sounded all right, so Larry quickly signed a "receipt," and jumped on his bus. What Larry signed was a blank note; the salesman later filled in the price of \$300.

Larry's wife didn't like the ring, so Larry took it to the "store" the salesman had mentioned. There he was faced with a brusque "manager" who refused to listen to Larry's complaint. Larry left the ring on the counter, and walked out.

This is just what the "manager"

*continued on page 110*





# Is now the time for you to consider

## A COMPANY PLANE?

This article helps you decide—whether you could profit from an owned or leased plane . . . how to choose the right plane . . . how to “manage” a company plane . . . when and when not to fly . . . whether you need a pilot and how much to pay him . . . what hidden costs are important . . . how much insurance to carry . . . how to depreciate a plane for tax savings.

It's not how big your company is that determines whether you can profit from a company owned or leased plane.

Companies in every size category can be cited as dramatic examples of how a company aircraft can save money, time and work.

Says A. H. Singer, president of the Alemite Co. of the Southwest, in El Paso, Texas: “Ours is a pretty small company. I handle a lot of the work, frequently in fairly distant cities. A typical trip might take me to Pampa, Texas, about 410 miles from El Paso. It used to take me

nine to 10 hours to drive the distance. It was rough. Now I fly in my Cessna 182 in three hours. I can get there and back in a single day, and still get a good deal of work done.”

If not company size, then what does determine whether you could profit from an aircraft? MANAGEMENT METHODS' analysis of the facts, plus interviews with plane users and experts in the field, shows these are the factors that determine a plane's profitability for you:

1. How well you manage your plane. Says one longtime executive



flier: "A plane is an expensive asset. It deserves at least as much management planning and control as any other expensive equipment."

**2. How well you select your aircraft.** A plane's chief value is speedy transportation. But, paradoxically, a 300 mph aircraft may save you less time than a plane that flies only 150 mph.

**3. How wisely you use your company plane.** Analysis shows that the companies which get the most profit from their aircraft are often the ones whose top management use the planes least.

**4. How well you promote your company aircraft.** Despite the fact that company planes are becoming increasingly common, the prestige and public relations value of a plane are still unquestionably strong.

#### When a plane isn't profitable

■ It's not hard to find companies that have bought or leased planes, then turned them in after a short time because they were disappointed with the return on their investment.

But the facts show that the dis-

appointment is often due to poor use of a plane, not that the plane held poor profit potential for these firms.

MANAGEMENT METHODS studied the records of one large manufacturing firm that recently sold two small, four-seater planes. It had owned the planes for about a year, and had put about 250 hours of flying time on each.

This firm has scores of salesmen who travel extensively throughout the eastern half of the country, yet the planes were reserved for executives' flights.

Why is the firm selling the planes? "Lack of use," says one of the vice presidents. "We found that not enough of our key people really needed the planes."

The firm never considered designating the planes for the use of salesmen who could unquestionably have used them to build sales and profits, and cut time and travel costs. That's one example of poor aircraft management.

Here's another.

Several years ago, a large New York bank bought a plush aircraft

to build customer relations and prestige. These are two reasons that have proved to be sound for having a plane, but the plane has seldom been used for these purposes.

"We're selling the plane for a very simple reason," says one bank officer. "We discovered that it was frequently used for joy riding by almost anyone who asked for it. Last winter, a group of our executives took the plane up to Canada for a two week hunting trip. When we looked into the matter closely, we found that the plane was often used for bank officers' own pleasures. Frankly, these were abuses of a rather expensive machine. We admit that the plane was a convenient thing to have. It helped our prestige. But we simply couldn't afford such an expensive luxury."

If the bank had seen to it that the aircraft was used solely for the purposes for which it was bought, strong benefits would undoubtedly have resulted. But the plane was misused, and so was a good deal of the bank's money.

The fact is this: some companies

## COSTS & PERFORMANCE: 16 BUSINESS AIRCRAFT

(a) At 65% to 75% engine power.  
(b) With 30 to 45 minute fuel reserve.  
(c) Estimates based on *Business/Commercial Aviation* magazine's in-flight evaluations.

	Pilot(s) salaries	Average price	Cruising speed (mph) (a)
Cessna 172		\$ 9,250	131
Piper Tri-Pacer PA-22		10,500	134
Mooney Mark20A		16,000	180
Cessna Skylane		17,000	160
Piper PA 24-180 Comanche		18,000	181
Beech 35 Debonair		20,000	185
Beech M35 Bonanza		28,000	200
Helio H-395A Courier		36,000	163
Piper PA-23 Apache	\$ 7,200	43,000	171
Beech Travel Air B95	7,200	57,000	200
Cessna 310C	8,400	60,000	218
Aero Commander 560E	8,400	90,000	210
Beech H-50 Twin Bonanza	8,400	96,000	223
Beech G18S Super 18	16,200	150,000	214
Fairchild F-27A	27,000	830,000	300
Grumman G159 Gulfstream	27,000	900,000	365



Range (b) (miles)	Passenger seats	Annual operating costs (c)	Cost per passenger seat mile (600 hours yr.)
445	4	\$ 7,916	\$.037
536	4	7,212	.032
500	4	9,611	.035
555	4	11,476	.044
740	4	10,368	.038
535	4	12,682	.042
575	4	13,930	.042
473	4	17,740	.050
650	3	27,549	.113
615	3	22,183	.096
660	4	38,030	.083
970	4	44,996	.099
950	5	53,912	.085
1,080	6	64,328	.093
2,000	16	323,040	.118
2,200	12	326,398	.113





**\$9,500**

Cessna 175  
Range: 595 miles  
Seats: 4



**\$18,000**

Piper Comanche  
Range: 740 miles  
Seats: 4



**\$28,000**

Beechcraft Bonanza  
Range: 575 miles  
Seats: 4



don't realize the real profit they could be getting with their airplanes. Too often planes are considered an expensive luxury, not a profit making tool.

When well managed, a company airplane can bring in strong profits and chop costs sharply. The following sections show how.

#### **An analogy**

■ Think for a moment how much management planning goes into organizing an auto fleet.

Suppose a company wants to buy eight cars for its salesmen. The total investment can be kept under \$20,000. Yet detailed studies will be made. All costs, as well as specific benefits, will be listed. There will be an analysis of each man's travel needs. There will be a decision about who will get to use the cars.

Policies, procedures and plans for safe and efficient use will be worked out in advance. Even the types of automobiles most suitable will be decided only after comparison of accurately defined costs and benefits pertaining to the different cars.

MANAGEMENT METHODS' research shows that hardly any of this detailed planning goes into the pur-

chase of a company plane which in most cases is a far more costly investment than a fleet of cars.

Here, according to the experts, are the questions you should ask if you're considering a plane.

#### **Why buy a plane?**

■ Ask this first: Does your firm need a plane?

Here are the most common reasons why many companies today are buying business planes.

**Market expansion.** Planes make it easier to cover a greater territory, or a larger number of customers, without a corresponding increase in the number of personnel.

**Improved service.** Customers and dealers appreciate extra attention. Says one executive VP, "We use our planes to get our important people—top level, middle management and technical—to trouble spots before the trouble becomes a disaster."

**Broader control.** Top executives of one decentralized firm make regular flights to the firm's plants. They lend on-the-spot assistance, at the same time strengthening top management control.

**Travel flexibility.** Company personnel who travel extensively can leave

when they want to, go where they want to, with company planes. They don't have to depend on commercial airlines that leave at prescribed times and land in prescribed places.

**Time saving.** Some firms use planes to fly their middle managers around. Other firms give more weight to saving the time of top management. One firm says that it attracts talented directors from widely scattered areas because it assures them, that via the company plane, minimum time will be devoted to trips for meetings.

**Company prestige.** Don't be afraid to list "company prestige" as a strong reason for buying a plane. In today's highly competitive marketplace, a properly maintained corporate image is a real asset.

**Advertising and public relations.** Here's another powerful advantage you get with a company plane. You can advertise the fact that you can handle rush orders on 24-hour service. A published article about your company plane, pictures in newspapers, or press releases highlighting a unique use of your plane can give your public relations a real boost.

**More sales calls.** One salesman who uses a company plane reports that

**\$60,000**

Cessna  
Range:  
Seats:

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(\$20,0

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or in  
want  
craft.

## \$60,000

Cessna 310D  
Range: 660 miles  
Seats: 4



## \$81,500

Aero Commander 500 B  
Range: 1,100 miles  
Seats: 7



## \$150,000

Beechcraft Super 18  
Range: 1,080 miles  
Seats: 6



he now sees almost twice as many customers a week as before.

There are many legitimate reasons why a company plane might be the best investment you could make right now. But make sure your reasons are legitimate, based on sound business principles. One of the most costly mistakes you could make is to buy a plane just to "follow the leader."

### Which one to select?

■ If you've decided that a plane can increase your profits, the next question is: How do we select the best one for our purposes?

Here's what the experts recommend. Make a list of what you want the plane to do, then shop around for the aircraft that comes closest to your requirements.

How do you make such a list if you know nothing about planes? Ask these questions:

#### 1. Who's going to use the plane?

Top management? Salesmen? Engineers? For three or four engineers, a four-seater Cessna 172 (\$9,250) or a Beechcraft Debonair (\$20,000) might be perfect.

For transporting top executives or influential clients, you might want a larger, plusher type of aircraft. These can range from the

largest Beech, Piper, Cessna or Aero Design models up to the million dollar plus jet models from Lockheed or McDonnell Aircraft Corp.

**2. Where does the plane have to go?** If you are going to use a company plane for short, quick hops, it doesn't make much sense to buy a plane with a huge fuel capacity and long range capabilities. Conversely, don't get a plane with 300-mile range, if most of your flying will be from coast to coast.

**3. How fast should the plane fly?** Too many firms about to buy a plane become obsessed with speed. They fail to consider the *kind* of speed they need.

True, speed is the primary advantage of flying. But it is not wise to choose one plane over another simply because it flies faster. Here's why.

No company gains anything from fast flying alone. The real benefit comes in taking the least possible *total* time in getting from one point of work to another. Air speed is sometimes secondary to other factors in producing the shortest *office-to-office* time. Ground travel is a major factor here.

For example, a customer's plant may be on the opposite side of a

large city from the commercial airport. That could mean a taxi trip of an hour or more each way. But suppose there is a small airport within five minutes of the plant. (Studies show this situation is common.) An airplane which cruises at 150 mph but which can land in small fields can often shorten the office-to-office time of a 250 mph plane on a 250 mile trip.

First, determine the exact locations of each starting point and destination point. Then find out what kind of airports are nearby. Faster planes generally need long, paved runways. Are such airstrips convenient? Perhaps smaller, noncommercial landing strips are more conveniently located—airstrips which are perfect for smaller, slower planes. (The Federal Aviation Agency puts the number of available business airstrips at over 6,000.)

There's another consideration when you're determining how fast your plane should fly: cost.

Horsepower costs money. Naturally, the faster the plane, the more horsepower the engine requires. Horsepower has a direct bearing on the initial cost of the engine and on every hour of operation.

For example, if a 165-HP engine





### SHOULD EXECUTIVES FLY TOGETHER?

The old adage of "Two is company, three is a crowd, four is too many and five's not allowed," seems to sum up the attitude of many managements concerning the number of executives that should fly together, according to the National Industrial Conference Board.

Sixty percent of the 102 companies responding to a recent survey report that they place limitations on the number and rank of executives flying together.

The board finds, however, that formal written provisions regarding this practice are the exception rather than the rule, with only 10% of the respondents having written policies.

#### Two or three executives in one plane

In all cases, NICB finds, these formal restrictions apply to the company's top echelon, and in most instances are extended to cover members of management operating committees or councils, key divisions and department heads and their top assistants. The board finds that such regulations normally state that no more than two or three key executives may fly in the same plane.

#### Unwritten restrictions

While written rules governing company officials flying together appear to be relatively infrequent, unwritten restrictions are practiced in about half of the participating firms. Such restrictions are often "clearly understood" and effectively enforced.

Other companies placing limitations on their flight-bound executives follow highly informal types of arrangements. For example, several companies report that the senior executive on the flight decides what restrictions shall be in effect, based on the particular situation; or such matters are left to "the discretion of the president" or to the officer responsible for the aircraft operation. A few firms simply state that they "follow normal safety measures."

#### No limitations

The NICB finds that approximately 40% of the participating companies place no air travel limitations on their executives.

However, most cooperating companies feel that to practice safety measures offers a form of insurance against the possibility of suddenly losing a concentration of managerial ability, however slight that possibility might be.

Source: The Conference Board Management Record Volume XXI, No. 7-8

will give a cruising speed of 150 mph, the same plane would require over 650-HP to cruise at 300 mph. (That's because air resistance increases as the square of the speed. Required horsepower increases in almost the same ratio.) Also, in the 650-HP engine, fuel is consumed four times as fast. Greater horsepower increases the weight and size of the engine, reducing the load the plane can carry. Not only does the larger engine increase the initial cost of the aircraft, but it means higher operating costs.

"Sometimes extra power is desirable for attaining better takeoff performance, but power for speed alone is an added expense which is often out of proportion to value received," says C. Glen Williamson, an aircraft management consultant with 25 years' experience in aviation.

### What's the total cost?

■ There's no getting away from it: it's expensive to own a plane. It's not only the initial cost of the plane (see box, page 64, for price ranges of typical business aircraft), but there's hangar rent, airport fees, fuel, maintenance and upkeep, insurance, and—if you hire one—pilot's salary. In the space of one year, these items can run into a pretty high figure.

To find out specifically what it costs to own and operate a plane, MANAGEMENT METHODS examined closely the cost record of one firm that operates a business plane—the White Manufacturing Co., Elkhart, Ind.

W. McKean White, Jr., the firm's vice president, estimates that the company's Cessna 182 (four-seater) cost the company \$5,227 to own and operate for one year. The plane was flown 272 hours at a cost of 3.5 cents per passenger seat mile. Per trip, the operating cost was \$47; per flight hour, the cost was \$19.14. Here's a breakdown to show how White determined these figures.

The firm borrowed \$16,000 (purchase price of the plane). The interest was 5%, or \$800. Total purchase cost: \$16,800.

The firm planned to trade the  
*continued on page 101*



# ASSOCIATIONS

## that can serve you

You can get valuable help from the many business and professional associations in the U. S. Often, you don't even have to join. Here is a digest of some of the leading associations, plus the services they offer.

Have you overlooked the services you can get for your company from associations?

Most business, professional and trade associations have a wealth of research data, library facilities, and helpful publications for the asking. Some have free educational or training films. Nearly all associations hold regular meetings at which information is developed and exchanged. And there's a multitude of other services that associations

can provide. Some associations are good sources of service even though your company isn't qualified to become a member.

MANAGEMENT METHODS editors recently sent questionnaires to associations in the business field. The following list was developed from those that responded. Read the list and chances are you'll find several associations here that can supply you—or other men in your company—with valuable help.

**\* Member services that are followed by an asterisk are available to non-members.**

### **American Management Association**

1515 Broadway, New York 36, JUDson 6-8100

Lawrence A. Appley, *President*

**Membership:** 30,000 managers in commerce, industry, and government.

**Publications:** *The Management Review*\* (a monthly digest of current articles in the business press); *Personnel*\* (a bimonthly magazine for specialists concerned with executive development, employee selection and training); *Management News* (a

monthly newsletter describing current AMA activities); *Supervisory Management*\* (a monthly magazine designed to help firstline supervisors in plants and offices). Also available are many management reports and research studies. Offered at retail prices are books on specific management problems.\*

**Services:** Library\*; Executive Compensation Service (information on amounts and methods of pay for various echelons of management); meetings\*; courses in management techniques\*; problem solving clinics.\*

**Meetings:** Information on time and



Conference dinners are a good place to exchange information informally.

place of meetings available on request.  
**Membership cost:** Individual membership—\$50 annually. Minimum company membership—\$300 annually.  
*(Will send literature on request.)*

### American Marketing Association

27 E. Monroe St., Chicago 3, Central 6-8306

Vance Lockhart, *Executive Director*

**Membership:** 8,500 market researchers, marketing managers, marketing professors.

**Publication:** *Journal of Marketing*\* (quarterly).

**Services:** Conferences,\* publications,\* personnel placement.

**Meetings:** Regional meetings in six or eight cities.

**Membership cost:** National membership—\$15 annually. Chapter fees range from \$3 to \$15.

*(Will send literature on request.)*

### American Production and Inventory Control Society

330 S. Wells St., Chicago 6, Webster 9-4955

Robert J. Mayer, *Executive Secretary*

**Membership:** 1,300 production control managers, inventory control managers, management control supervisors, production managers, etc.

**Publications:** *APICS Quarterly Bulletin*\* (contains results of research projects, case histories, book reviews, writings and speeches of members, etc.); *APICS News* (non-technical newsletter containing news of chapters, members and national organization).

**Services:** Research projects with chapter participation; surveys of wages and other practices in the field; periodic bibliographies of books, articles, and talks in the field.

**Meetings:** 32 regional meetings in all chapter areas.

**Membership cost:** National dues—\$7.50 annually, plus local chapter dues.  
*(Will send literature on request.)*

### American Society for Personnel Administration

44 Kellogg Center, East Lansing, Mich., EDgewood 2-1511, Ext. 3338  
 Paul L. Moore, *Executive Vice President*

**Membership:** 2,000 directors of industrial relations, personnel managers, training directors, wage administrators, interviewers, personnel research directors.

**Publications:** *The Personnel Administrator* (bimonthly); Annual Directory of Members for exclusive use of members.

**Services:** Library service, distribution of results of research studies; exchanges of ideas regarding new procedures; employment clearing service; national annual conference; regional institutes in some areas; assistance in solving technical personnel problems; research; contacts with national government agencies and specialized advisory assistance to them.

**Meetings:** 37 chapter meetings throughout the country. Regional institutes in about five areas.

**Membership cost:** Regular and associate membership—\$25 annually.  
*(Will send literature on request.)*

### American Society of Corporate Secretaries, Inc.

10 Rockefeller Plaza, New York 20, Circle 6-7744

Bracebridge H. Young, *Executive Director*

**Membership:** 1,206 corporate secretaries, assistant secretaries, vice presidents, general counsels.

**Publication:** *The Corporate Secretary* (monthly).

**Services:** Publishes frequent reports on corporate matters.

**Meetings:** Regional or local meetings.

**Membership cost:** Entry fee—\$25; annual dues—\$90.

*(Will send literature on request.)*

### American Society of Insurance Management, Inc.

8 W. 40th St., New York 18, OXford 5-1677

Linda Burke, *Editor*

**Membership:** 1,200 corporate insurance managers.

**Publication:** *The National Insurance Buyer* (bimonthly).

**Services:** Research; conferences; seminars.

**Meetings:** Local meetings in 25 cities; eight regional meetings.

**Membership cost:** National dues—\$25 annually. Chapter dues vary.

*(Will send literature on request.)*

### Association for Computing Machinery, Inc.

14 E. 69th St., New York 21, RHine-lander 4-1779

Prof. H. D. Huskey, *President*

**Membership:** 6,500 scientists, engineers, and computing machine programmers.

**Publications:** *Journal of the ACM*\* (quarterly technical publication); *Communications of the ACM*\* (monthly technical and news publication); *Computing Reviews*\* (bimonthly review journal).

**Meetings:** Regional meetings in 25 cities.

**Membership cost:** \$6 annually.

*(Will send literature on request.)*

### Association of Better Business Bureaus, Inc.

405 Lexington Ave., New York 17, YUkon 6-6360

Victor H. Nyborg, *President*

**Membership:** 116 Better Business Bureaus in the U.S., Canada and Mexico, supported by about 100,000 businesses.

**Publications:** *A Guide for Retail Advertising & Selling*\* (book); *Consumer*



***A better place  
for  
work***

***and  
wives***

While the program of Governor Rockefeller and his "hard-hat" administration has created the nation's most rewarding climate for businessmen in New York State, the women at home haven't been forgotten, either. New homes, schools, shopping centers and recreational facilities have sprung up so fast that New York State's *living* climate is second to none. Cities, suburbs and rural areas alike are undergoing vast modernization treatments . . . while the state's natural beauties, historical sites, ocean beaches and upstate mountains and lakes are unequaled in the variety of pleasures they offer. And when it comes to fashion, culture and entertainment, New York State has no rivals . . . not only on Fifth Avenue, and in the theatres, concert halls and supper clubs of New York City . . . but in thriving communities all over the state.

We'll compile a report tailored to your specific new plant needs. Write Commissioner Keith S. McHugh, Dept. of Commerce, Room 657, 112 State St., Albany 7, N. Y. (All contact between your office and ours will be kept *under our hat*.)

**GET UP TO DATE ON NEW YORK STATE...WHERE  
THEY'RE TALKING THE BUSINESSMAN'S LANGUAGE**

(Circle number 151 for more information)



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## 72

A black and white photograph of a man in a suit standing at a podium, addressing a large audience seated at long tables in a dimly lit hall. The speaker is on the right, and the audience fills the left and center of the frame. The room has a curved ceiling with recessed lights.

## MANAGEMENT METHODS

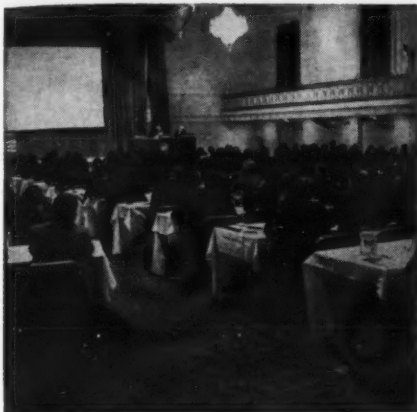
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## Direct Mail Advertising Association

3 E. 57th St., New York 22, Murray Hill 8-7388

Robert F. DeLay, President

Membership: 2,500 manufacturers, insurance companies, financial institutes, suppliers, lettershops, printers, ad-



Common business problems can be discussed in a mass session like this.

vertising agencies, retail stores, publications, religious, educational and welfare organizations.

**Publications:** *Reporter of Direct Mail Advertising*\*; (monthly) biweekly newsletter\*; *Washington Bulletin*\*.

**Services:** Research\*; library\*; information service\*; placement service\*.

**Meetings:** National convention and some regional meetings.

**Membership cost:** \$48 annually.

(Will send literature on request.)

## Industrial Management Society

330 S. Wells St., Chicago 6, Webster 9-4957

Robert J. Mayer, Executive Manager

**Membership:** 1,000 works managers, plant superintendents, industrial engineers, methods experts, time study men, production control personnel.

**Publications:** *Industrial Management*\* (monthly—pertinent articles in field, book reviews, etc.); *IMS Clinic Proceedings*\* (transcripts of all talks at annual Industrial Engineering and Management Clinic).

**Services:** Work simplification film rental library; research and discussion groups.

**Meetings:** Two meetings a year. Write for further details.

**Membership cost:** \$15 annually.

(Will send literature on request.)

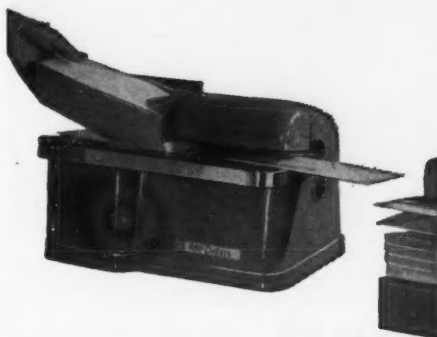
## Institute of Management Sciences

Post Office Box 273, Pleasantville, New York, White Plains 6-2500, Ext. 125.

Harold H. Cauvet, Executive Director

**Membership:** 2,800 managers, scien-

## Sales Manager sees reports earlier!



## Pitney-Bowes MAILOPENER

PITNEY-BOWES, INC.

4558 Walnut Street, Stamford, Conn.

... originator of the postage meter ...  
139 offices in U.S. and Canada.



**Big deal in Des Moines? Prospect peeved in Pittsburgh?** The sooner your sales manager gets his call reports, the sooner he can take action. A time-saving MailOpener provides this benefit.

- A MailOpener snips a hairline edge off an envelope instantly, without damaging the contents. It handles envelopes of any size, weight and stock. There are three models, hand and electric.

- A MailOpener helps all departments by speeding up the delivery of incoming mail. It is a worthwhile time saver even in the smallest office. Call the nearest Pitney-Bowes office for a demonstration in your office—no obligation. Or write for free illustrated booklet.

**FREE:** Handy desk or wall chart of postal rates, with parcel post map and zone finder.

Plan To See The Business Equipment Exposition, Los Angeles Memorial Sports Arena, November 1, 2, 3, 4, 1960  
(Circle number 154 for more information)



**New ACME VISIBLE ROTARY cuts record handling time in half!**



A touch of a button spins data to user at electronic speed! Look at any point in your operation where record or data files are used. You're apt to see workers spending a third to half their time shuttling between desks and cabinets, reaching, stooping, drawer pulling. New Acme Rotaries end this waste motion completely! At desks around a smartly modern Rotary, 1, 6, 12 users or more have instant access to as many as 250,000 records. To see how Rotaries save time, money, and up to 50% in floor space, SEND COUPON TODAY.

## ACME VISIBLE

Acme Visible Records, Inc., 1230 W. Alhambra Dr., Glendale, Va.  
Please send free report on the "Revolution in Record Handling" ... showing many types and sizes of power and manual Rotaries.

Name \_\_\_\_\_ Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

(Circle number 100 for more information)





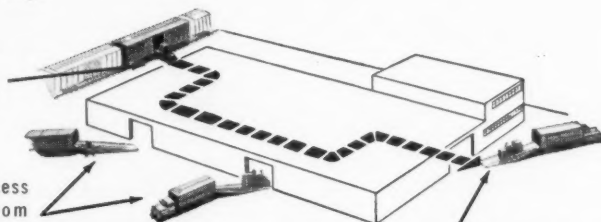
## MAGLINER MOBIL-DOCK GROUND-LEVEL LOADING SYSTEM

How much could *your* company save if you could spot incoming materials *right where they're needed* . . . and ship out finished products *right off the line*?

Wishful thinking? Not with a Mobil-Dock System, the loading dock that goes where you need it, when you need it—lets you ship and receive at any point in your plant. No load shuttling or rehandling, no dock pile-ups! Loads are handled *once*, at *one* cost. And you can re-layout production areas, departments, or the entire plant at any time because with Magliner Mobil-Docks you can relocate major load-handling points at any time! This flexible, ground-level loading system fits an infinite variety of plant and warehouse layouts, brings major cost-savings within easy reach of every company—large or small.

Lower your cost of doing business—investigate a Magliner Mobil-Dock System for your company today.

In this Mobil-Dock application, materials are unloaded from railcars near start of assembly.



Here, additional in-process parts are unloaded from trucks where they're needed for assembly.

Finished products move directly from end of assembly line into carriers.

### MAGLINER MAGNESIUM MOBILE LOADING RAMP:

Basis of the Mobil-Dock System. A loading dock on wheels . . . ruggedly constructed to handle loads up to 16,000 lbs., more if you need it. Simple hydraulic height adjustment to truck or railcar floor. Non-slip, all-weather grating surface.



(Circle number 139 for more information)



Meeting on international management had worldwide representation.

tists, students, mathematicians, and operations researchers.

**Publications:** *Management Science*\* (quarterly); *Management Technology*\* (monograph series on management applications).

**Services:** Meetings; gatherings of individuals interested in specific subjects; annual international meeting (plus regional or national meetings)\*; reports of research\*; bulletin on topics of interest (issued five times a year).

**Meetings:** About 20 regional meetings (including Paris and Tokyo).

**Membership cost:** \$10 in U.S. and Canada; \$5 elsewhere and to students, and Armed Forces members.

(Will send literature on request.)

### International Council of Industrial Editors

2108 Braewick Circle, Akron 13, Ohio, TEmple 6-3255

Mrs. Geraldine T. Keating, Manager, Central Office

**Membership:** 3,200 editors of publications issued by business or industrial enterprises.

**Publications:** *Reporting*\* (monthly); *Communication in Action* (monthly newsletter).

**Services:** Reference library; placement; directory of services and materials\*; idea files; annual evaluation and awards program\*; annual conference and regional conference\*; special mailings on subjects helpful to industrial editors.

**Meetings:** Monthly meetings of 62 associations located in major cities of the world.

**Membership cost:** \$25 annually for membership-at-large; dues vary for membership through affiliated associations (average \$20-\$25 annually).

(Will send literature on request.)

### National Associated Businessmen, Inc.

1725 K St., N.W., Washington 6, D. C., FEderal 7-8950

Elton Kile, President

**Membership:** 800 corporations, firms and individuals in all lines of business working to get government out of competitive business activities.

**Publications:** Occasional folders, bulletins and newsletters.

**Services:** Research.

**Meetings:** None.

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**Membership cost:** No stated amount, but a \$50 annual contribution is necessary for voting membership.  
(Will send literature on request.)

### National Association of Accountants

505 Park Ave., New York 22, PLaza 9-3444

Arthur B. Gunnarson, Secretary

**Membership:** 47,000 accounting executives in 60 countries.

**Publications:** NAA *Bulletin-Section I* (monthly); NAA *Bulletin-Section II* (monthly); NAA *Conference Proceedings* (three issues a year).

**Services:** Library service, employment counseling, discussion seminars.

**Meetings:** Local or regional meetings in 11 cities.

**Membership cost:** \$20 annually; \$10 entry fee.

(Will send literature on request.)

### National Association of Credit Management

44 E. 23rd St., New York 10, ORegon 4-5100

Allen S. Jeffrey, Executive Vice President

**Membership:** 35,400 presidents, owners, partners, vice presidents, treasurers, corporate secretaries, general managers, credit and office managers, controllers, auditors, accountants, and various department heads.

**Publications:** *Credit and Financial Management* (monthly); *Credit Manual of Commercial Laws*; *Credit Management Handbook* (reference book on every phase of credit); monthly business letter; *Standardized forms*. (No publications usually available to non-members; however, most are obtainable for special purposes.)

**Services:** Meetings and conventions; personal advisory services; debtor-creditor arbitrations; special investigations; credit interchange; credit groups; collection and adjustment service; foreign credit interchange bureau; legislative department; fraud prevention department. (These services not usually available to non-members; most are obtainable for special purposes.)

**Meetings:** 146 regional or local meetings. Additional ones for special purposes and conventions.

**Membership cost:** Membership dues vary; set by local affiliates.

(Will send literature on request.)

### National Association of Manufacturers

2 E. 48th St., New York 17, MURray Hill 8-4200

Charles R. Sligh, Jr., Executive Vice President

**Membership:** 20,000 manufacturing concerns.

continued on following page

# MARSH ELECTRIC TAPE MACHINES

...cut carton-sealing costs automatically!



You dial length of gummed tape and DIAL-TAPER does the rest ... measures tape, moistens it with warm water and cuts it off clean. Everything is automatic!

Users report 50% saving in tape and time, plus stronger, neater packages. Used by U.S. Government, General Motors, General Electric, Armour, Swift, DuPont, RCA, Westinghouse, Standard Oil, Continental Can, Sears Roebuck, Marshall Field ... and 12,000 other shippers.

FOR REGULAR KRAFT GUMMED TAPE, 1", 2", 2½" and 3" WIDTHS; REINFORCED OR FILAMENT INSERTED TAPE

## MARSH

MARSH STENCIL  
BELLEVILLE 19, ILL.

Pin to your letterhead,  
with your name and mail for free copy  
of 24-page booklet M-60-T.



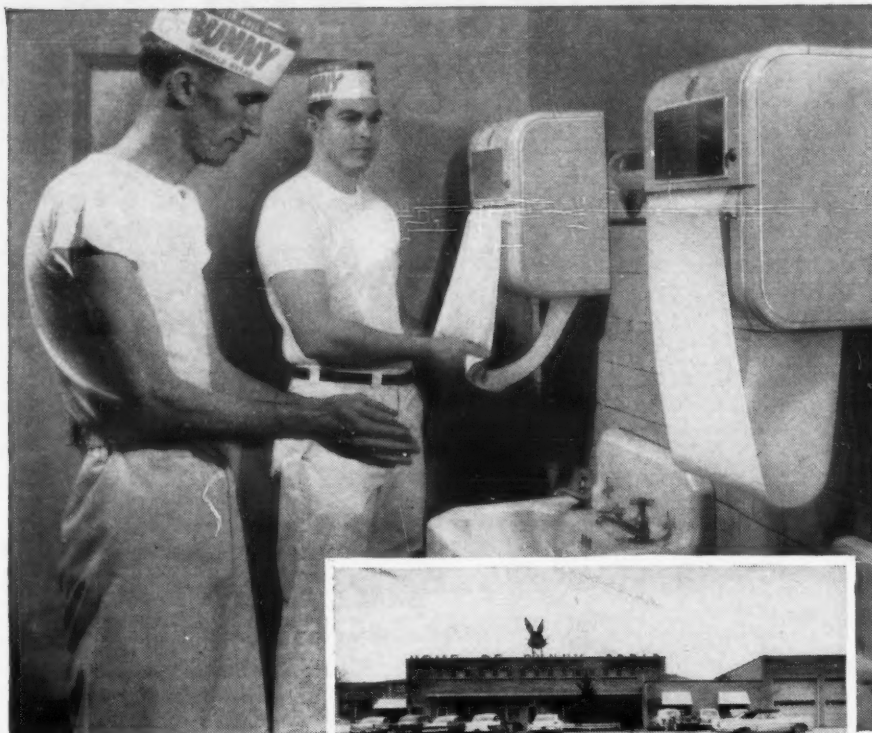
FREE  
BOOKLET  
M-60-T

NAME \_\_\_\_\_

TITLE \_\_\_\_\_

(Circle number 141 for more information)

# Bakery toasts COTTON\* as big aid to sanitation



\*Cotton toweling supplied to Lewis Brothers Bakeries by Selmer Peerless Towel and Linen Service Co., Carbondale, Illinois.

● Starting their business in a small log building 35 years ago, producing 75 loaves of bread per day, the Lewis Brothers now own one of the most modern bakeries in the industry. Their present output: 18,000,000 loaves of "Bunny Bread" per year.

In their main plant in Anna, Illinois, where all the baking is done, some 200 employees use cotton toweling exclusively. The reasons: The same as so many other large and small companies. Cotton, they feel, is best for sanitation. It eliminates litter and fire hazard... eases the burden of house-keeping... is easier to service... and in many cases, saves valuable dollars for users.

Why not find out how you can save, and have cleaner, neater washrooms in the bargain. For complete information, write for free booklet to Fairfax, Dept. R-10, 111 West 40th Street, New York 19, N. Y.

## Here's How Linen Supply Works...

You buy nothing! Your linen supply dealer furnishes everything at low service cost—cabinets, pickup and delivery, automatic supply of freshly laundered towels and uniforms. Quantities can be increased or decreased on short notice. Just look up LINEN SUPPLY or TOWEL SUPPLY in your classified telephone book.

**Clean Cotton Towels...**  
*Sure Sign of Good Management*

**Fairfax Towels**



WELLINGTON SEARS COMPANY, 111 WEST 40TH STREET, NEW YORK 19, N. Y.  
(Circle number 177 for more information)

**Publications:** NAM News\* (weekly newspaper for NAM members); Program Notes\* (published six times annually for women's clubs); Industrial Press Service\* (biweekly clip sheet for weekly newspapers); Service for Company Publications\* (monthly periodical for industrial editors).

**Services:** Law department memos give members analysis of legislation affecting industry; NAM presents testimony at congressional hearings giving viewpoints of industry on national issues.

**Meetings:** Information available on request.

**Membership cost:** Minimum \$100, sliding scale based on net worth.

(Will send literature on request.)

## National Association of Purchasing Agents

11 Park Place, New York 7, Cortlandt 7-3677

G. W. Howard Ahl, Executive Secretary-Treasurer

**Membership:** 17,500 purchasing managers, purchasing agents or directors, vice presidents-purchasing, assistant purchasing agents, buyers.

**Publication:** Bulletin of the National Association of Purchasing Agents (weekly).

**Services:** Booklets and visual aids on purchasing policies and procedures; commodity and market data; economic information; sources of supply; new and substitute materials; etc.

**Meetings:** 95 meetings in cities throughout the country.

**Membership cost:** National membership—\$18 annually. Local association membership dues vary.

(For information, refer to affiliated association near you. Membership in national is only through a local association.)

## National Association of Suggestion Systems

25 E. Jackson Blvd., Room 1601, Chicago 4, Wabash 2-8239

Mrs. Virginia Sadlon, Office Manager, Central Office



Classroom courses help keep the executive up to date on his job.

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## National Accounting

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Ill., CH



**Membership:** 1,250 suggestion system administrators.

**Publications:** A variety of publications dealing with ways to set up suggestion systems.\*

**Services:** Regional conferences; annual conventions; library and film service.

**Meetings:** 15 local or regional meetings.

**Membership cost:** Full membership—\$25 entry fee and \$50 annual dues. Associate membership or corporate membership—\$15 annual dues (contingent upon full membership held by parent company).

(Will send literature on request.)

### **National Better Business Bureau, Inc.**

912 Chrysler Building, New York 17, OXford 7-9494

Kenneth B. Willson, *President*

**Membership:** 2,175 national advertisers, advertising agencies, media, trade associations, direct selling companies, Chambers of Commerce.

**Publication:** *Do's & Don'ts in Advertising Copy* (supplemented and revised monthly).

**Services:** Counsel on propriety of proposed advertising copy claims; investigation and correction of unfair competitive advertising or selling practices; reports on philanthropic and other organizations needing financial support from business; informational and reporting facilities.

**Meetings:** None.

**Membership cost:** \$100—minimum to \$5,000—maximum, annually.

(Will send literature on request.)

### **National Council of Industrial Management Clubs**

291 Broadway, New York 7, DIgby 9-0700

William F. Meyer, *Executive Secretary*

**Membership:** 236 industrial management clubs with 33,046 line and staff management men, predominantly foremen.

**Publication:** *IMC Bulletin* (five times a year).

**Services:** Educational manuals\*; general manuals\* (designed to help in specific problem areas); public relations aids; leaflets and brochures.

**Meetings:** 236 club meetings across the country.

**Membership cost:** Club membership—50 cents annually for individual members. Minimum of \$50 per club; maximum of \$400 per club.

### **National Machine Accountants Association**

1750 W. Central Rd., Mt. Prospect, Ill., CLearbrook 9-4255

*continued on following page*



Now! Any accounting firm or department can eliminate the big typing load that is a costly, time-taking headache during tax season. With Bruning's remarkable new Copyflex Model 105 copying machine — priced no higher than a standard typewriter — you can make sharp, low-cost copies of tax returns and supporting schedules directly from government and state approved translucent forms. Accountants fill in the forms (printed on one side only) with pencil, ink, or typewriter. Copyflex reproduces all necessary copies quickly and easily at a cost of only 1¢ each for materials for letter size. And any Copyflex copy is acceptable for filing. You save many hundreds of dollars in typing cost, get tax returns and schedules out days to weeks earlier. You just can't afford not to investigate by mailing the coupon below.

**NO TYPING  
HELP NEEDED  
THIS TAX SEASON!**

**BRUNING**  
*Copyflex*

Charles Bruning Company, Inc., Dept. 10-G 1800 Central Rd., Mt. Prospect, Ill.  
Offices in Principal U.S. Cities • In Canada: 103 Church Street, Toronto 1, Ontario

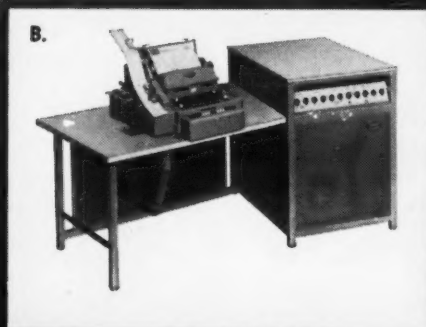
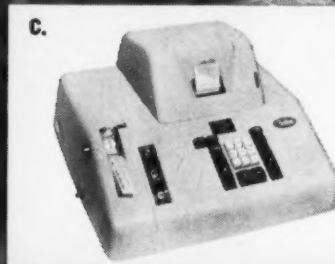
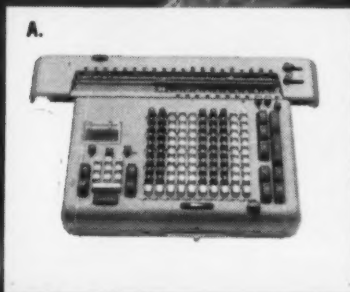
Please send me information on your low-cost Copyflex Model 105 for tax returns and accounting.

Name \_\_\_\_\_ Title \_\_\_\_\_  
Company \_\_\_\_\_  
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(Circle number 108 for more information)



# PRACTIMATION



***A new word, which means more than automation, for it is the custom-fitted application of today's finest automation equipment to your particular needs...***

This announcement is a culmination of Friden's years in integrated data processing. Friden's assumption of responsibility for the most important phase of automation—its practical application.

The first step to PractiMation is a critical analysis of your office. Second, an outline of objectives for increasing its efficiency (without personnel changes). Then, consult your Friden man. He is an expert, and has solved a good many problems like yours. His help can be invaluable.

Next, you need equipment that can be used by your present employees without special training; equipment which is sanely priced, easy to install. And, above all, equipment which is expandable with your business.

**Here are some good examples:**

**A.** Friden SBT Calculator—the famous "Thinking Machine of American Business." Touch-one-key simplicity. Performs more steps in figure-work without operator decisions than any other calculating machine ever developed.

**B.** Friden COMPUTYPER® (Model CTS)—produces a complete invoice in one operation with virtually no operator intervention. Reads alpha-numeric data from tape, edge-punched cards, or tab cards; accepts variable data through typewriter keyboard. Machine also punches selected data in tape or cards

for statistical reports. The Computyper and any good typist make up an entire billing department.

**C.** Friden ADD-PUNCH® (Model APT)—A Data Processing machine, the APT produces a printed tape, and a punched tape for subsequent processing.

*These are just three. Friden's full line of adding machines, calculators, accounting machines, mail room equipment, and "Tape Talk" IDP equipment can fully automate your office. Call your Friden man today, or write directly to Friden, Inc.*

© 1960 FRIDEN, INC.



# Friden

FRIDEN, INC., SAN LEANDRO, CALIFORNIA • SALES, INSTRUCTION AND SERVICE THROUGHOUT U.S. AND WORLD.

(Circle number 120 for more information)

R. Calvin Elliott, *Executive Director*  
**Membership:** 14,000 executives in data processing fields.

**Publications:** *Journal of Machine Accounting*; *Data Processing Book*.

**Services:** Library, research, sponsors university courses in data processing.

**Meetings:** Regional meetings in seven cities.

**Membership cost:** Varies, depending on chapter.

(Will send literature on request.)

## National Noise Abatement Council

51 E. 42 St., New York 17, MURRAY Hill 2-4580

L. J. Buttolph, *Executive Secretary*

**Membership:** 100 acoustical consultants and makers of acoustical materials and instruments.

**Publication:** *Noise Abatement Digest*.

**Services:** Reprints of noise articles; awards for achievement in noise abatement.

**Membership cost:** Subscribing—\$250 annually; Associate—\$100; Supporting—\$25.

(Will send literature on request.)

## National Office Management Association

1931 Old York Rd., Willow Grove, Pa., Oldfield 9-4300

W. T. Cavanaugh, *Executive Director*

**Membership:** 17,699 office managers and assistants, controllers, auditors.

**Publications:** *Office Executive*® (monthly), *Bibliography for Office Management*® (annual), *Salary Survey*® (annual), *Technical Quarterly*®.

**Services:** Educational programs on various office management spheres, library and research service.

**Meetings:** Local or regional meetings in 176 cities in the United States and Canada.

**Membership cost:** Company dues—\$75 plus \$10 entry fee; individual dues—\$30 plus \$10 entry fee.

(Will send literature on request.)

## National Sales Executives—NSE, International

630 Third Ave., New York 17, YUkon 6-9300

S. L. Goldsmith, Jr., *Executive Director*

**Membership:** 30,000 marketing executives.

**Publication:** *Salesweek*® (weekly).

**Services:** Publications service®; club services; member inquiry service (sales problems); youth education service; executive education service; salesmen's workshop®; international member serv-

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ice; graduate school of sales management and marketing\* (at Syracuse University); field sales management institute.\*

**Meetings:** Local or regional meetings in 185 U. S. or Canadian cities. Overseas meetings in approximately 46 cities.

**Membership cost:** National membership—\$15 annually. Local club dues vary.

(Will send literature on request.)

### National Society for Business Budgeting

727 Floral Ave., Terrace Park, Ohio, TErrace 1-2252 (Cincinnati)

Melvin C. Aichholz, *Administrative Secretary*

**Membership:** 1,450 budget directors and controllers.

**Publication:** *Business Budgeting magazine*\* (bimonthly).

**Services:** Meetings at which budget policies and techniques are discussed; reprints of articles from *Business Budgeting*.\*

**Meetings:** Chapter meetings in 45 cities.

**Membership cost:** National dues—\$20 annually; chapter dues additional.

(Will send literature on request.)

### Profit Sharing Research Foundation

1718 Sherman, Evanston, Ill., GRGreenleaf 5-8806

Rear Admiral A. C. Burrows (USN Retired), *President*

**Membership:** Has no members as such.

**Publications:** Many books and booklets dealing with profit sharing designed to guide companies formulating or administering profit sharing plans.\*

**Services:** Information about profit sharing plans.\*

**Meetings:** None.

(Will send literature on request.)

### Society for Advancement of Management, Inc.

74 Fifth Ave., New York 11, CHelsea 2-3505

Walter Mitchell, Jr., *Associate Executive Director*

**Membership:** 15,800 executives, administrators and professionals in institutions or colleges.

**Publication:** *Advanced Management*\* (monthly).

**Services:** Research projects (participation open only to interested members); research reports.

**Meetings:** 80 local or regional meetings.

**Membership cost:** Varies widely depending on position of applicant.

(Will send literature on request.) ■

WHERE DO YOUR SPIRIT MASTERS RANK IN THE

## Columbia Cleanliness Index

The Cleanliness Index dramatically demonstrates the wide gap in the cleanliness of spirit masters—ranging from the grime and aggravation of ordinary uncoated purple masters to the immaculate performance of Columbia's supercoated, super clean Marathon Blue Ready-Masters.

It could be quite a revelation to find out just how clean your spirit masters really are . . . not only in the preparation, but in the handling and duplicating as well. It could also result in quite a saving in time and money, to say nothing of the improvement of the quality of your duplicating.

Columbia salesmen are anxious to demonstrate these differences at no cost or obligation to you. They'll also be happy to advise the correct master for a job that's particularly troublesome to you. Write for a free demonstration of the Cleanliness Index.

Ready-Master Division, Columbia Ribbon & Carbon Mfg. Co., Inc., 10210 Herb Hill Road, Glen Cove, N. Y.



Columbia Research and Development, backed by more than a half century of pioneering leadership, constantly seeks out the ultimate in spirit master cleanliness. The Marathon Blue Ready-Master is the latest in a long line of key developments in the cause of cleanliness.

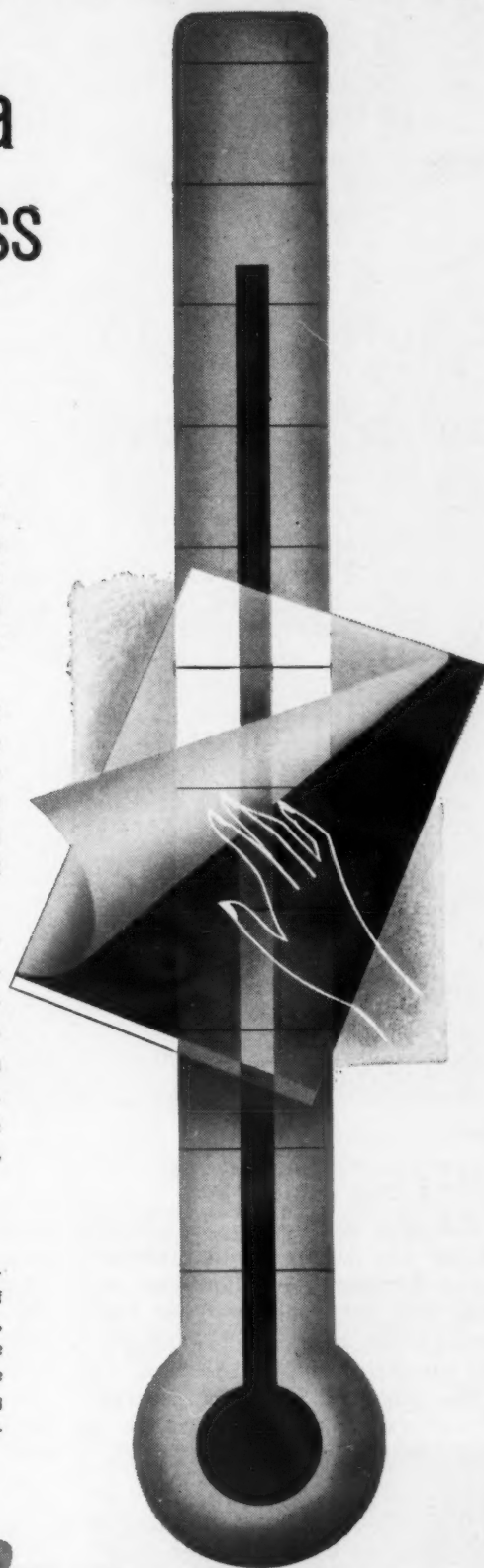
MARATHON BLUE READY-MASTERS

*Columbia*®

Columbia Ribbon & Carbon Mfg. Co., Inc., Glen Cove, N. Y.

Columbia Ribbon & Carbon Pacific Inc., Duarte, Calif.

(Circle number 115 for more information)







## A better way to run a business

### Here's a way to SPEED CUSTOMER SERVICE WITH SHORT WAVE RADIO

When driver-salesmen had to call in repeatedly to pick up orders at Mocha Coffee Co., delays in delivery were unavoidable.

Now that short wave radio has been installed in salesmen's trucks, orders are turned over to route men as fast as they come into Atlanta headquarters.

Service is speedier and customers are happier. Total cost for the streamlined system is \$1 a day for each radio installation.

Besides faster customer service, President Jack Dinos reports, the sales manager can contact any salesman at the flick of a switch.

### Here's a way to HAVE YOUR TRADEMARK CIRCLE THE GLOBE

This is an idea that can be adopted by any company that owns, leases or operates a tank car or other rail fleet. It's one that can pay off richly in goodwill dividends—at very little cost.

The Diamond Alkali trademark



Hobbyists can mark model tank cars like real thing with Diamond decals.

has penetrated every corner of the free world, as well as all states, thanks to an idea that is aimed at model railway hobbyists.

It all started as a gesture to employees and stockholders who were also model railway enthusiasts. Free decals, faithful replicas of full size car markings, were offered to them featuring the Diamond logo-type for HO-gauge tank cars.

To dispose of what was left after employee orders were filled, decals were offered free to readers of *Railroad Model Craftsmen*, *Model Railroader* and *Model Trains*.

Requests for Diamond decals poured into Cleveland headquarters from all over the globe—Greenland, South Africa, Japan—almost every country and every state.

Tank cars decorated with this chemical producer's emblem will be rolling on model railroads for many years to come. About 4,000 sets have been distributed to model railroaders and requests continue to come in—building widespread and continued goodwill for Diamond Alkali.

### Here's a way to BOOST QUALITY AND OUTPUT OF PRECISION WORK

Producing delicate components for missiles and aircraft created problems at Hickok Electric Instrument Co.

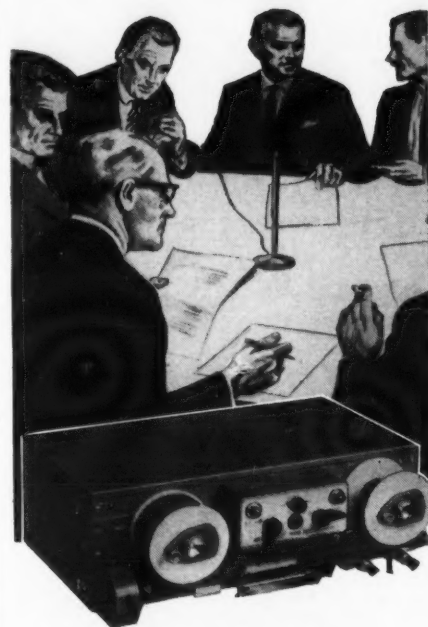
Even wearing jeweler's magnifying eyepieces, workers had trouble spotting defects. Many parts failed to pass rigid quality tests despite careful inspection during assembly.

This was before Hickok installed what it calls the "White Room." Here, carefully controlled environment has upped quality level almost 100%. Output has also jumped 50% while production costs have dropped 20%, Production Supervisor, Paul P. Radecky reports.

A luminous General Electric ceiling pours 300 diffused footcandles over the desk-like assembly line. Special magnifiers, required for working under the former 100 footcandles, are now needed only for the final visual check.

The room is pressurized at a constant level of four pounds per square inch higher than surrounding areas. This keeps dust from entering the electronically cleaned atmosphere.

Workers wear special dustfree



## Let SoundScriber record your next conference!

Communications (board meetings, executive conferences, labor-management negotiations) are the very nerve center of business. Where each word is important, a completely accurate record is essential.

A new recording-reproducing system, called the **Reporter**, has recently been perfected by SoundScriber's engineers. It operates silently and unattended throughout the entire conference, and records on duPont Mylar tape by means of a patented, tamper-proof transverse recording process. In addition, this unique conference recording system provides **instant back-spacing, speaker playback and transcription facilities.**

This system has been tested and proved in American business and industry. Let a SoundScriber Communications Consultant prove it to you by recording your next important conference . . . no obligation, of course. Interested? . . . mail coupon below for free brochure.

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Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

(Circle number 181 for more information)

MANAGEMENT METHODS



garments and use magnetic brushes and floor mats before entering.

Temperature is held at 75° F. and humidity at a constant 45%.

Hickok's White Room has proved so successful at its Cleveland headquarters that it is installing a similar 6,000 square foot facility at its Greenwood, Miss. plant.

Here's a way to

#### TRIGGER SALES ACTION WITH COMPANY PUBLICITY

Publicity about your company, say public relations experts, can do double duty if you *merchandise* it.

For example, experts advise companies not just to bury their press clippings in a scrapbook, but rather to reprint them and send them out to customers and prospects.

Apply a little imagination to whatever publicity your company has received recently and you may come up with the makings of a powerful promotion campaign.

For example, General Binding Corp. was the subject of a recent MANAGEMENT METHODS cover story titled, "How to make a business grow." When the article appeared, General Binding's management moved fast to use this company publicity, not just to pat itself on the back, but as the basis of a special sales campaign. Reprints of the article were rushed to salesmen, together with an announcement of a 43-day "Dyna-Sell" program, offering discounts to customers "in recognition of the tribute the company had received from a national business magazine." Discount certificates were printed, playing up the tie-in with the magazine article.

General Binding salesmen were instructed to show reprints of the article to their customers and prospects, and to use this as an opening gambit in announcing the discounts offered under the program.

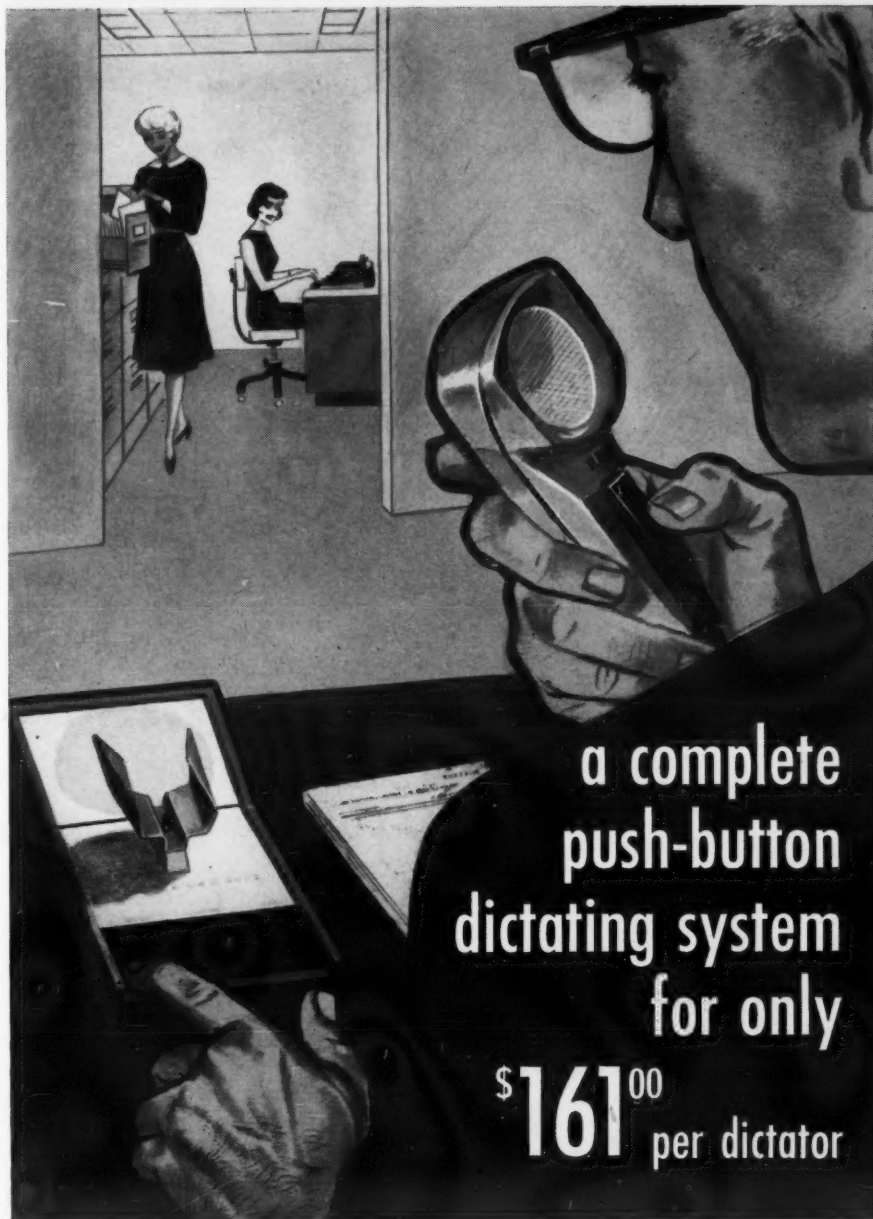
Says a spokesman for the company: "Results were tremendous—roughly 55% sales increase.

Here's a way to

#### MAKE THE MOST OF AUDIO-VISUAL AIDS

Most progressive firms make use of audio-visual tools to some degree. Is your firm utilizing these articulate aids to the fullest extent?

These thumbnail cases, taken



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### SoundScriber's new SATELLITE SYSTEM

Now, all the advantages of modern dictation and you need **never** touch a dictating machine, bother with indexing strips, change belts or discs. All you need on your desk is the new **Satellite** . . . just half the size of your telephone. You simply pick up the "mike" and talk . . . push buttons and "Magic Memory" do the rest.

Satellite relieves you of business pressures . . . dictate correspondence, record thoughts while they're fresh in mind . . . just speak them

and forget them. Work gets done faster . . . more accurately . . . more efficiently.

You can have your own Private Satellite, or you can equip your offices with a complete Satellite System for only **\$161.00** equipment cost per dictator. Best of all, machine manipulation is gone forever.

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(Circle number 188 for more information)

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**Now! Get the compact Smith-Corona Electra 12 — the new, full-featured electric that costs you less than a manual office typewriter!**

*Here's the dollars-and-cents proof:* A regular office electric costs \$471.70\*. The Electra 12: just \$190.27. You save \$281.43, or almost 60 per cent (federal excise tax included).

A manual office typewriter lists at \$238.50. The Electra 12 saves you \$48.23, or 20 per cent (tax included).

Better yet, *the Electra 12 has all*

*the major features of the expensive electrics:* wide-range touch selector, impression control, full business-size carriage, automatic repeat action on space bar and hyphen-underline key, plus all the speed and ease electric typing's famous for.

The typing itself is clean, sharp . . . just like a *printed* page. And you can get up to 12 clear carbons.

All this is possible because the Electra 12 is *compact*. Yet it has all the quality and rugged dependability you need to handle heavy work

loads in your office, day after day.

Why not call your Smith-Corona representative for a demonstration, or simply tear out the enclosed postcard and mail today.

Free 16-page "Guide to Increasing Office Efficiency." The compact, complete office guide that can help you have a smoother-running office in 7 days or less. For a free copy, tear out the enclosed postcard and mail today.



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- All about office layout;
- How to cut your mailing costs;
- How to set up an efficient file.

All this, plus many other practical helpful suggestions for both you and your secretary. For a free copy, just tear off the postcard and mail it today. There's no obligation, of course.

Please send me the 16-page "Guide to Increasing Office Efficiency" and more details on the Smith-Corona Electra 12. (Naturally, there's no obligation.)

MM

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TITLE \_\_\_\_\_

from the files of the National Audio-Visual Association, may suggest some additional ways to put visual and sound equipment to work for your business.

One appliance manufacturer supplies each salesman with a portable tape recorder. Salesmen record interviews with both satisfied and dissatisfied customers. These verbatim reports are analyzed by the home office. Tapes are then prepared and mailed to all salesmen giving them new selling ideas and service pointers, and other helpful data culled from the recorded interviews.

An auto part maker prepared a slide series on installation and use of its product. In one year, salesmen showed the slides at 2,000 meetings. Substantial sales resulted from the 100,000 auto repairmen who viewed the slides.

When a new product is released in midyear, a manufacturer of communications equipment finds it impractical to make personal contact with all salesmen. Instead, the company prepares a kit of printed materials for each district along with a 10-minute dramatized sales briefing on tape. Groups of salesmen hear the presentation, review the literature and are ready to introduce the product. Result: time, travel and money are saved.

The training division of a computer corporation reports stepped up instruction with magnetic chalkboards. As parts diagrams and wiring circuits are presented, magnet-backed visuals are placed on the board. The instructor then connects parts with colored chalk lines. At other times, an overhead projector shows transparencies of basic data on the board. Additional details are added as the lesson progresses by means of magnet-backed cutouts.

A department store chain uses overhead projectors in orienting classes of new employees. Trainees, with salesbooks in hand, learn quickly through the clearly visualized directions projected on the screen by the personnel director.

A cabinet manufacturer had a film producer prepare a short, low-budget sound film demonstrating ease of assembly of its product even by unskilled workers. Each salesman carries a suitcase projector for viewing by prospects. A high proportion of viewers become custom-

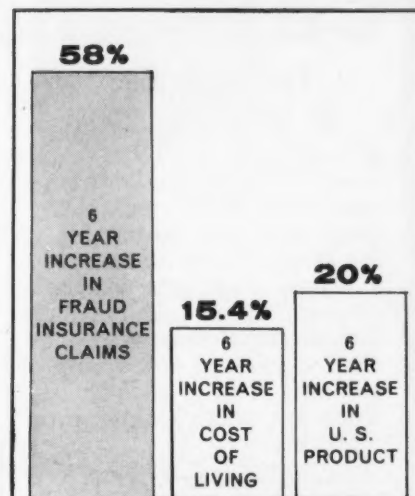
## Fraud Cost Increases Almost 4 Times As Fast As Cost Of Living

The cost of fraud is a very real expense of doing business. It is reflected in fraud insurance and bonding claims which went up 58% in the 1952-58 six-year span, according to figures compiled by the Surety Association of America. In the same period, the cost of living index rose 15.4% and the nation's productivity rose 20% according to Dept. of Commerce reports. And authorities tell us that another \$2 Million will be embezzled by sundown tomorrow.

Almost all companies now follow procedures resulting in one employee automatically checking the work of another as he performs his regular work. This theoretically prevents fraud without collusion of two or more workers—yet embezzlements continue to occur and losses continue to increase. And almost all of them are *without collusion*. An increase in profit equal to that from 10% increase in sales could be enjoyed by the average business if these leaks could be plugged.

According to a recent survey by a prominent public accounting firm, 74% of total fraud losses take place in disbursement operations, 12% in diversions of inventories, and only 14% in cash receipts. Embezzlements of cash receipts occur more frequently, but are smaller in size. They are also usually detected at an earlier stage. This is because cash receipts are channeled through a small area that is policed by rigid controls. Disbursement transactions, on the contrary, whether of funds or merchandise, originate in many different departments, most of them outside of accounting and treasury.

The opportunities for fraud are multiplied by each one of these different areas of origination. That is why most disbursement frauds involve large, often staggering,



amounts, continue for years without detection, and form the bulk of the total fraud loss.

Without collusion, disbursement frauds and diversions of inventory can only be concealed by the manipulation of paperwork. These transactions can only be made to appear legitimate by re-use of bona fide paperwork, forging fictitious paperwork, or both. CANCELING ALL PAPERWORK THAT HAS AUTHORIZED A DISBURSEMENT PLUS VALIDATING ORIGINAL DOCUMENTS SO AS TO MAKE FORGERY DIFFICULT WILL ENFORCE THE CONTROLS THAT GOOD SYSTEMS ARE INTENDED TO PROVIDE. That is why 77% of the 200 largest industrial concerns now follow this procedure.

*Cummins-Chicago Corp. has a booklet which describes simple and inexpensive methods of preventing both unauthorized disbursements and invoiceless shipments, creating clerical savings at the same time. Write today for your complimentary copy of this guide to fraud prevention. Cummins-Chicago Corporation, 4740 North Ravenswood Avenue, Chicago 40, Illinois.*

(Circle number 117 for more information)

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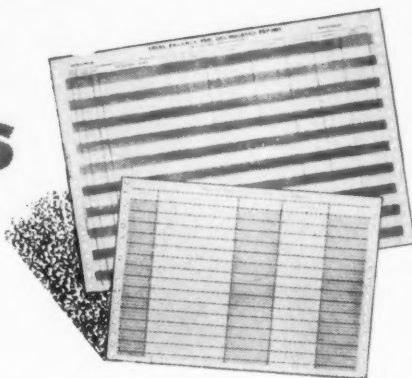
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(Circle number 127 for more information)

ers because the film dramatizes the economy and speed of product installation.

A midwest bank uses an opaque projector in loan committee meetings. Committee members can then review the facts simultaneously. The bank reports a one-third savings of committee time.

Here's a way to

### INCORPORATE YOUR PRODUCT IN AN APPROPRIATE GIFT

Puzzled again about what to give as a Christmas business gift? Why not give your own product dressed up in a special setting?

That's what American Hardware



Unique, not-for-sale gifts all use product as integral part of design.

Corp. does with its otherwise strictly utilitarian product—doorknobs.

Each year its Kwikset Division dreams up a new way to incorporate standard residential hardware in an appropriate holiday gift.

One year, a spun aluminum champagne bucket sported a high styled doorknob on its lid.

Other years, gifts with ingenious use of knobs have ranged from desk pen sets to cigarette lighters to handsome wooden trays.

Ad Manager William Tell Thomas says there is much speculation among Kwikset distributors and other company friends about what twist the knob will take each year.

Although each gift bears a built-in reminder of the company product, there are no commercial markings to mar its beauty or utility.



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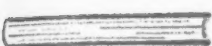
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# IDEAS



 Here is a new book that talks your own language—the all-new, 1960 edition of **IDEAS FOR MANAGEMENT**. This book is *alive* with ideas.

It spells out how you can save money—and make your company more profitable—with better methods, better systems, better procedures. *The results are guaranteed.*

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**IDEAS FOR MANAGEMENT** wasn't written by an ivory tower author. This book was literally *lived* by dozens of the best qualified practitioners in the field of management control. It sums up their experience. Here's how the book came into being:

Each year the highly respected International Systems and Procedures Association holds an International Systems Meeting attended by a thousand or more executives

from all parts of the world. Leading management people head sessions and workshop discussions devoted to specific problems, and present case histories of results achieved through imaginative management.

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All this priceless material is recorded, carefully edited, organized, and published as **IDEAS FOR MANAGEMENT**. In essence, **IDEAS FOR MANAGEMENT** is a complete management conference, packaged as a high quality, cloth bound, 8½ x 11, 500-page, liberally illustrated book.

Thousands of copies of earlier editions of **IDEAS FOR MANAGEMENT** have been purchased by companies of all types and sizes. The all-new, 1960 edition, based on the 12th annual International Systems Meeting, promises to be in even greater demand.

To get your copy of **IDEAS FOR MANAGEMENT**, order now. You risk nothing because you send no money. For 10 days, you may use the book as an idea source. If it fulfills its promise, keep the book, and you or your company will be billed for \$16. Otherwise, return the book and owe nothing.

## A few of the problem areas covered by experts in **IDEAS FOR MANAGEMENT**:

*Systems for management decision making . . . basic data processing . . . punched card data processing . . . clerical quality control . . . work simplification . . . procedure analysis and charting . . . organization planning . . . perfecting your accounting system . . . systems programming techniques . . . a production control system for a computer center . . . material scheduling by computer . . . accounting using punched paper tape . . . special equipment for order processing . . . forms design and control . . . use of procedure manuals . . . records management—and scores of others.*

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**Bonus offer:** If payment accompanies your order, you will receive a free copy of the article, "Sharpen management with data processing," reprinted from *Management Methods* magazine.

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## Are you spending enough on R&D?

(Here's what other firms are doing)

What determines your future growth and profits? One strong factor is how much you spend on research and development of new products. According to this new survey, R&D expenditures for U. S. firms are up 10.7% over 1959. Use these facts as a yardstick to see if your firm is keeping pace with the R&D expenditures in your industry.

This trend is clear: U. S. firms spend more each year for development of new products and processes.

According to a nationwide survey just completed, some 400 corporations representative of U. S. industry will spend an average of 10.7% more for research and development in 1960 than they did in 1959.

Here's the question: Is your company spending enough on research and development to maintain a strong position in the tight competitive battle for new product supremacy?

The American Management Association questioned 402 companies representing 26 industry groups. Facts show that 66% increased their budgets for 1960, while 7% decreased their budgets and 27% reported no change.

Which industries made the biggest increases in their 1960 research budgets?

Electronics is one, with a reported increase of 16.8%.

Another even bigger increase—22%—comes in the miscellaneous machinery and parts industry.

Only two industries are significantly decreasing their budgets according to the survey. Mineral and coal mining companies report an average decrease of 11.8%, while the publishing industry represents a 5.2% decrease.

### 3.7% of sales for R&D

How much of the sales dollar went toward research and development last year? The survey shows these 402 corporations spent 3.7% of sales for product development in 1959. Figures indicate that this percentage is up substantially for 1960.

Despite the increase in dollars spent for R&D, Dr. Philip Marvin, AMA research and development division manager, says that growth companies today are trying to get more for their product development dollar, rather than spend more dollars for product development.

"The aim," he said, "is more re-

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1039 OFFIC

OCTOBER 19



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J. O. Parshall, President of The Second National Bank of Richmond.

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President, The Second National Bank of Richmond

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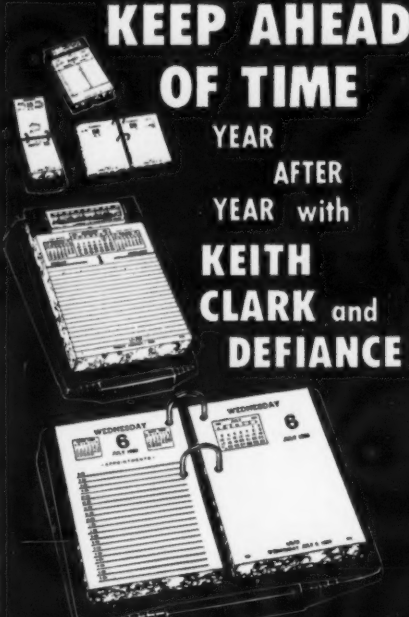
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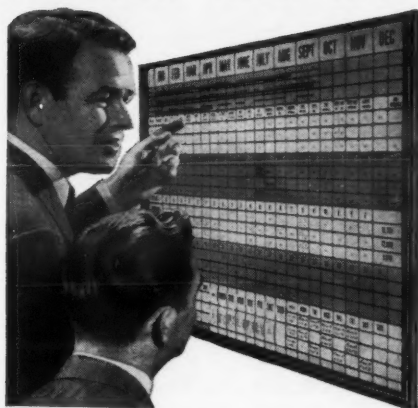
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**GRAPHIC SYSTEMS**

YANCEYVILLE

NORTH CAROLINA

(Circle number 124 for more information)

sults for the money rather than more money for results."

Each year, product development costs increase. Dr. Marvin says that alert corporations are trying to offset this inevitable increase by eliminating wasteful management methods in development operations.

"Most companies don't know the actual cost of developing their new products. But this cost is a basic factor in making the most important decisions that managers must make—decisions about the future. This ignorance leads to waste," says Dr. Marvin.

According to Dr. Marvin, development programs are one of the

greatest wastes of time, money and manpower today. Why? "Because most corporations aren't organized structurally to absorb and put to use new knowledge and new products as rapidly as they are created."

Competition from tax supported technology and the tendency of anti-trust and patent policies to undermine the entrenched position of existing proprietary products mean that managers must get the most from their R&D dollars. How? "There is any starting point in planning for growth, its focus lies in better management of technology—in turning ideas into dollars," says Dr. Marvin. ■

### 1960 research budgets up over 1959

Industry Group	Companies Reporting	1960 budget compared with 1959 budget				1959 Budget % of 1959 Sales
		Up	Same	Down	Average*	
Aircraft	9	4	2	3	4.0%	2.9%
Chemicals	62	48	11	3	11.4	4.0
Construction machinery	4	2	1	1	-1.6	4.4
Electrical machinery	11	7	4		10.1	2.7
Electronics	46	31	15		16.8	7.7
Engines and turbines	3	2	1		11.0	1.8
Fabricated metal products	23	9	9	5	1.1	2.4
Food and beverages	19	14	5		13.1	1.7
Instruments and control equipment	40	29	10	1	14.0	6.1
Metalworking machinery	6	4	2		9.3	2.3
Mining minerals and coal	5		2	3	-11.8	2.4
Misc. machinery & parts	7	6	1		22.0	3.6
Misc. manufacturing	5	4	1		9.8	3.2
Nonferrous metals	7	3	3	1	7.4	2.1
Office machinery	10	8		2	11.3	4.2
Paper and paper products	11	8	2	1	9.6	1.2
Petroleum refining	13	11	2		8.3	1.0
Pharmaceuticals	12	10	1	1	11.0	5.7
Plastics and molded products	5	4	1		14.6	1.6
Printing and publishing	4	2	1	1	-5.2	2.1
Public utilities	3	1	1	1	14.3	.2
Rubber and rubber goods	9	5	3	1	10.8	2.3
Steel	7	4	3		5.7	1.6
Stone clay and glass	9	6	3		19.2	2.3
Textiles	6	6			8.3	2.1
Transportation equipment	3	1	2		2.7	1.1
Other	63	36	23	4	10.3	3.0
<b>TOTALS</b>	<b>402</b>	<b>265</b>	<b>109</b>	<b>28</b>	<b>Avg. 10.7%</b>	<b>Avg. 3.7%</b>

\* These figures represent the average percent that R&D expenditures have risen (or dropped) in each of these industries.

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trained



## Roytype sells over 300 different types of carbon paper and knows exactly which types are right for you

—we've got one carbon paper that never ever smudges, if you can believe it.

And of course you can, because this is the famous Roytronic Carbon Paper. It won't smudge... it won't curl! There's pure imported Carnauba wax in the ink formula that prevents "treeing," roller marks and smudges on fingers.

Roytronic's plastic backing keeps each sheet straight and flat, no matter what the temperature and humidity. And that's not all. Roytronic has itself an even *better* ink formula that insures perfect copies every time, time *after* time, because it's also much longer lasting.

Roytronic is packed in a special Carbon-Keeper Box... for a neat stow-away in the desk drawer.

It's *especially* suitable for electric typewriters—extra-careful typists. Be sure you ask your office-trained Roytype representative about Roytronic.

Let him help you stock up on the exact type of carbon paper to suit your needs—and the exact type of every other office supply, too. Your Roytype Representative's full stock—and full knowledge—can help you. Use it!

**ROYTYPE®** *A complete line of business supplies...expert help...and the fastest service, too.*

**ROYAL®** Royal McBee Corp., Port Chester, N. Y. B

Gentlemen: Please have our Mr. Roytype bring me a free sample of Roytronic Carbon paper.

NAME: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(Circle number 161 for more information)



WHERE HE WORKS

## How to get an office with a view

### THE MAN

*Wallace Shepardson  
President*

### THE COMPANY

*Chirurg and Cairns, Inc.  
Chestnut Hill, Mass.*

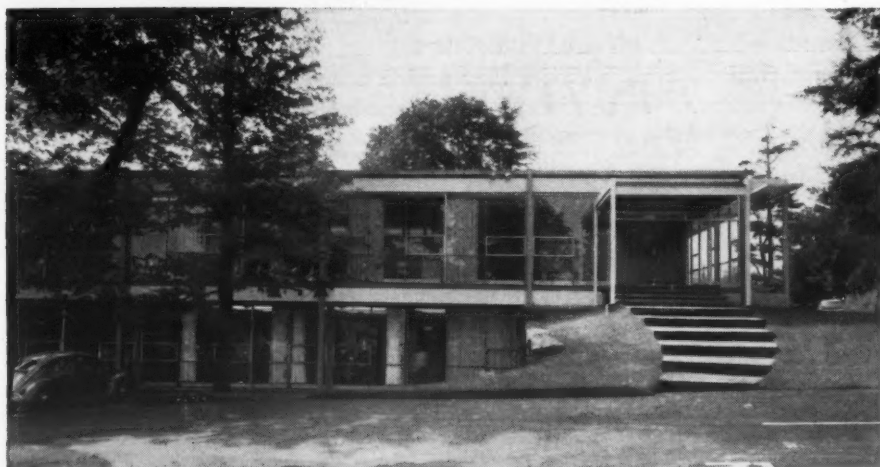
### THE DESIGNER

*Bruce-Babel Associates*

### THE ARCHITECT

*Salsberg and LeBlanc*

Designed to take full advantage of its landscaping, the Chirurg Building, new suburban headquarters of a Boston advertising agency, features glass walls on both floors. Where possible, trees were left in place during construction.



Every harassed city-based executive sooner or later wonders what it would be like to transplant his office to a lush countryside.

Oppressed by noise, fume, dirt and traffic, he imagines a view out his window of trees growing instead of another skyscraper going up.

Commonly the idea is quickly abandoned on the grounds that "in our business we have to stay right here in the center of things."

Evidence to the contrary is Chirurg and Cairns, Inc., an ad agency that moved its Boston office to suburban Chestnut Hill. Says the agency's president, Wallace Shepardson: "Being out of mid-city presents no serious problems. In fact, we are closer to some of our clients. And we have all the parking space we can use. The advantages of our new location overshadow by far any possible disadvantages."

President Shepardson's modern office would do any Madison Avenue office building proud. Yet the view through the glass wall behind his desk is of woodlands, not more offices. The glass wall, insulated against heat and cold, provides an all-season advantage.

A paneled accordion door connects the president's modern office with an equally modern conference room.

Each of the 30 offices and rooms in the Chirurg Building is equipped and color styled to suit individual tastes. For example, James Thomas Chirurg, founder of the former Chirurg agency, has an office featuring a large, boomerang shaped desk, markedly different in decor from the office of President Shepardson. ■

President  
simple, v



## THE OFFICE OF A SUCCESSFUL MAN



President Shepardson's office boasts a peaceful, country-like view through the glass wall behind his desk. Furniture is kept simple, with slim, straight lines to match the modern architecture of the building itself.

Extra size is given to the president's office by this adjoining conference room. The two rooms are easily separated, however, by an accordion door that matches the paneling of both the office and conference room. Background drape conceals a TV set, blackboard, display board, and movie screen.





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be  
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**enjoy posture chair comfort by *Cramer***

Cramer Posture chairs not only offer better sitting comfort—but better posture while you work. Cramer Posture chairs adjust to fit anyone... perfectly, easily... whether a six-footer or the tiniest typist. Adjustments are made instantly with finger-tip controls. There's a perfect Cramer chair for every member of your office staff.

*Be sure YOU are Backed by the Best*

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625 ADAMS STREET • DEPT. MM-10 • KANSAS CITY, KANSAS  
(Circle number 183 for more information)

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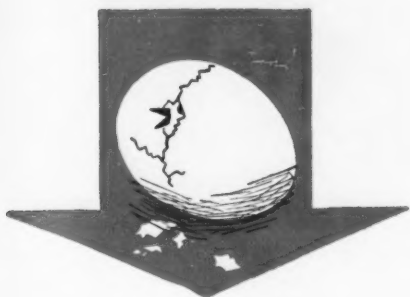
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OCTOBER 1



## New Products

FOR THE MANAGER AND HIS STAFF

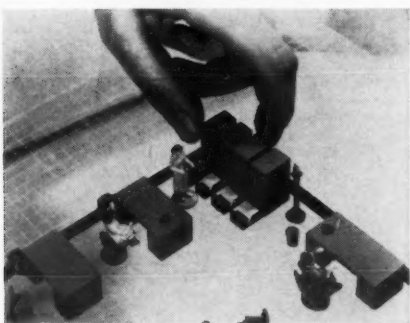
### LAYOUT

3-D office planning kit takes guesswork out of layout

Efficient layouts can be expertly plotted with the aid of three dimensional models made by Visual Plant Layouts, Inc.

Office furniture and business machines, scaled one-quarter inch to one foot, are faithful replicas of those made by leading firms.

A complete kit with 120 items and plastic planning board for 3,000



Scaled models come individually or in kit form to suit your layout needs.

square feet of floor space costs \$49.50. Individual 3-D facsimiles cover everything for an office from telephones to drinking fountains to coat trees—even clerks.

For a descriptive folder and complete price list on these visual layout aids, circle number 216 on the Reader Service Card.

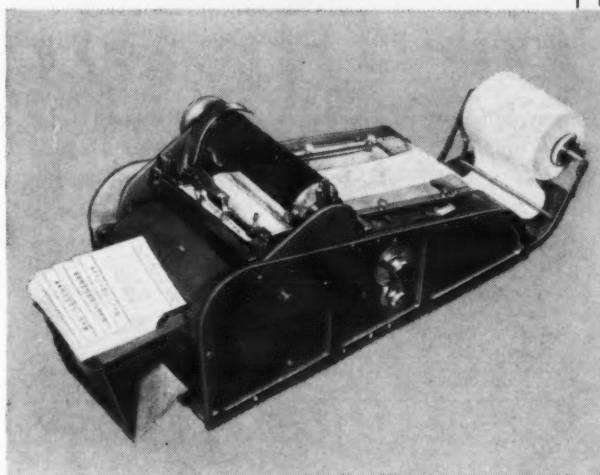
### PAPERWORK

Speed data flow with conveyor

To eliminate paperwork pileups in your office, you might consider installation of a conveyor.

A. J. Bayer Co. has introduced a

## STOP BUYING LABELS



## Print your own

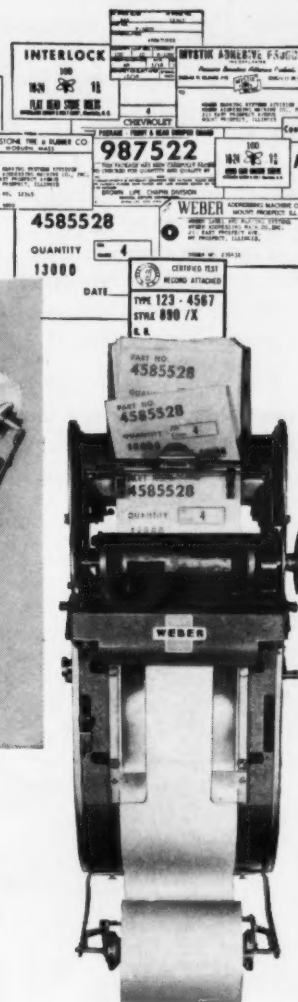
... on a Weber Label Printing Machine

- save hours and hours of typing
- eliminate label inventories
- cut your label costs up to 90%

Save expensive hours of typing individual forms and eliminate addressing errors. Eliminate high-cost, wasteful, volume purchasing, storing and inventorying of labels—the Weber Label Printer will run them off when and where you need them.

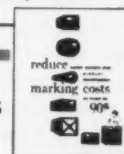
The compact portable, typewriter-size, fully automatic machine prints, counts, cuts to size, and stacks labels—at 105 per minute! It adjusts in seconds for different sizes and varieties of labels used in shipping, production, packing, inspection and other departmental work. Prints from stencil or rubber mat on gummed, ungummed, dry gummed, linen or pressure sensitive stocks.

Whatever the variety or quantity, you can now print all your label needs quickly and easily on a Weber Label Printing Machine. Get the facts on how you can save up to 90% on your label costs—mail coupon!



### You get 7 Big Advantages

- No more buying labels
- No more typing labels
- No more label inventories
- Reduce claims
- Reduce theft and overshipment losses
- Address faster
- Ship faster



# Weber

MARKING SYSTEMS

Sales and Service in  
all principal cities

WEBER MARKING SYSTEMS

Dept. 19-J  
Weber Industrial Park  
Mount Prospect, Illinois

Please send me complete data on Weber Label Printing Machines.

Company \_\_\_\_\_  
Individual \_\_\_\_\_  
Position \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

(Circle number 176 for more information)



new V-belt conveyor for this purpose. Papers are carried upright in aluminum channels. Any number of lanes—each three inches wide—can be installed side by side to handle heavy volume.

Units can also be arranged to travel in opposite directions with stops wherever needed.

This production line technique for paperwork routines cuts the time lag present in usual document hand delivery systems.

For more data on Bayer office conveyors, circle number 226 on the Reader Service Card.

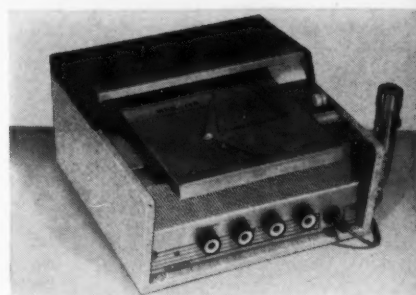
## OFFICE ENVIRONMENT

### Background music system can be bought or leased

A new music system, no larger than a typewriter, can be controlled by the user. Developed by Musi-Pak, Inc., the system utilizes a continuous magnetic tape cartridge that plays without interruption until the "off" button is pressed.

The unit, being self contained, poses no transmission problems or outside line interference.

A microphone input jack facili-



Self-contained music system has microphone input jack for paging.

tates use of the system for paging or announcements.

Musi-Pak also provides a large library of cartridge tapes of every type of music, including seasonal recordings.

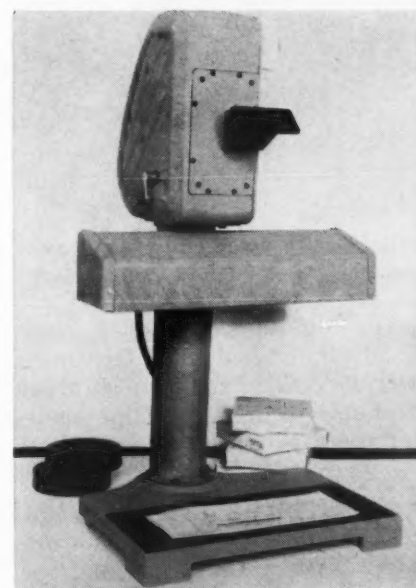
For complete information on this new music system, circle number 213 on the Reader Service Card.

## RECORDKEEPING

### Low-cost microfilm recorder is simple to operate

A new simplified microfilmer carries the low price tag of \$450—with a rental charge of \$15 a month.

Weighing only 20 pounds, it can be readily moved to point of need. Marketed by Regiscope Corp. of America, the microfilmer requires



Compact microfilm is just one foot wide and deep by 25 inches high.

no focusing and records details sharply.

A light touch of the lever records each document and automatically positions the 16-mm film for the next picture. Used portions



It's only natural for a salesman to try and stretch the life of a car he owns and uses for company business. But, when his car breaks down on the road he stands to lose time and money. You stand to lose orders and money.

There are many reasons why more than 500 leading companies in all industries use the unique PHH Car Plan. Assuring safe, up-to-date automotive transportation under a program that can be more equitable for the salesman and more economical for you, is just one of them.

There are many more salesmen and management benefits available to you with PHH Services. If you employ 20 or more salesmen using transportation, call or write today for full information and a copy of our brochure entitled "A Look At The Peterson, Howell and Heather Car Plan."

### PETERSON, HOWELL & HEATHER, INC.

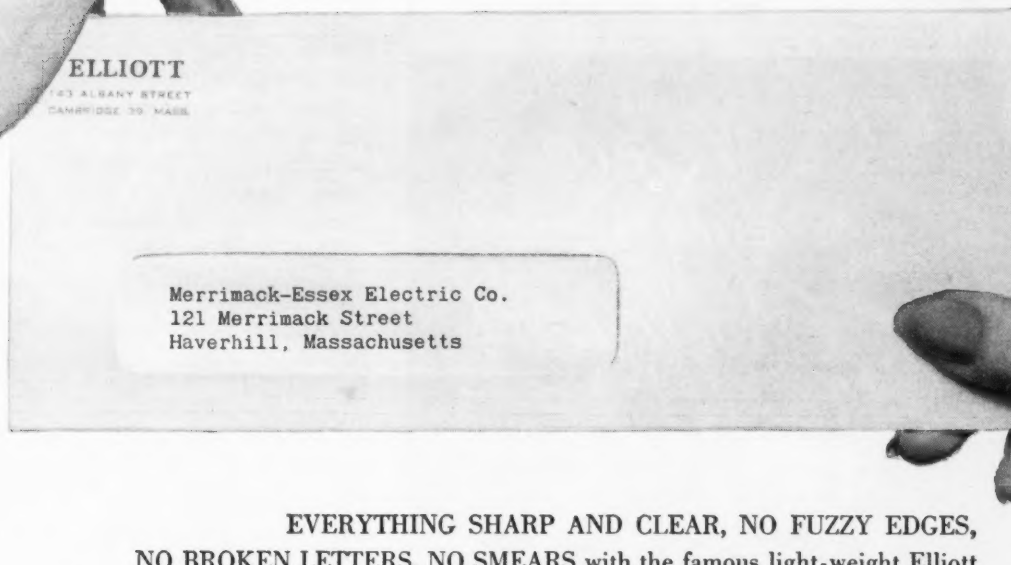
Complete Management Services for  
Salesmen's Car Plans  
2521 North Charles Street—Department B-7  
Baltimore 18, Maryland  
In Canada—3970 Cote des Neiges Rd.  
Montreal 25, P.Q.



(Circle number 153 for more information)

Even after hundreds  
of imprints,  
the Elliott  
addressing stencil  
gives a

# clean-cut impression



EVERYTHING SHARP AND CLEAR, NO FUZZY EDGES,  
NO BROKEN LETTERS, NO SMEARS with the famous light-weight Elliott  
addressing stencil, even after long usage. This is the stencil that packs so compactly,  
handles so lightly, perfectly designed for selectivity operation — all at an  
incredibly low cost. This is the stencil that can be typed on any ordinary typewriter,  
no expensive special equipment necessary.

*That's why businesses big and businesses little all over the country  
use the Elliott Addressing System, designed to suit mailing lists  
from hundreds to millions, to address mailing pieces  
from small size cards to mammoth broadsides.*

# ELLIOTT

1,000,000 Americans moved last year. The Elliott Addressing  
System easily keeps pace with your ever-changing mailing lists.



**ULTRA-LIGHTWEIGHT** — a whole  
load of 125 stencils  
weighs only 8 ounces.

**TYPEWRITEABLE** — anyone  
who can run a typewriter  
can make stencils.

**MAXIMUM SELECTIVITY:**  
Elliott can automatically  
imprint specially chosen  
names for any special  
job. Hundreds of selective  
addressings possible.

Circle number 119 for more information)

Elliott Addressing Machine Company  
143 Albany St., Dept. MM-100, Cambridge, Mass.

Please send me information about the cost-saving  
Elliott Addressing System suited to my size mailing list,  
which is.....

Name & Title.....

Company.....

Type of Business.....

Street & No.....

City..... Zone..... State.....

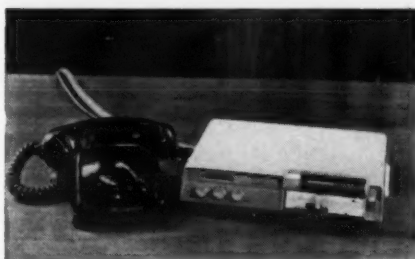
of the film can be developed without disturbing unused footage, thus eliminating waste of film.

For more details on this low-cost unit, circle number 242 on the Reader Service Card.

### **NETWORK DICTATION**

#### **Phone away your correspondence**

With the new Dictaphone Telecord system, you can pick up a phone and talk away your reports and correspondence to a remotely located Time-Master recorder.



New Dictaphone system utilizes economical network principle.

Such network dictation, feeding into one central transcribing pool, has proved to be a time and cost saver for firms that have tried it. The Telecord system can be

adapted to internal dial phone systems, such as Bell PBX, or separate phones can be installed exclusively for dictation purposes.

A red light on the phone signals when the remote recorder is in use. In multiple recorder systems, lights indicate which recorder is free.

For more information about this new Dictaphone network system, circle number 208 on the Reader Service Card.

### **OFFICE ENVIRONMENT**

#### **Styled for dispensing executive hospitality**

An attractive office cabinet houses all the facilities for wining and dining visitors.

Designed by Crane Co., the compact unit includes a four-cubic foot refrigerator, a two-burner electric stove, freezer, sink and enough storage space for snacks or a meal.

The "kitchen-in-a-cabinet" comes



Complete refreshment facilities are concealed in one compact cabinet.

in a choice of five natural wood grain finishes.

For more details on the President Chef cabinet, circle number 220 on the Reader Service Card.

### **ELECTRONICS**

#### **Low cost scientific computer acquires expanded capabilities**

A desk-sized engineering computer can now turn its high speed mathematical abilities to solving technical business problems as well.

The new features that extend the capabilities of the IBM 1620 are a tripled memory capacity plus punched card input and output.

For present users of the 1620 computer, both features can be installed on the customer's premises in just one day. *continued on page 98*



#### **So automatic and accurate you can start it and walk away!**

Freedom from machine tending is only the beginning! The new Gathermatic by Thomas Collators brings to collating the speed and accuracy of larger, more expensive equipment...at a cost unbelievably low. Write today for complete information on the many ways you can speed up your collating operation and substantially reduce your costs.

- Offers more features at a lower price than any other collator of its kind
- Automatic miss and double sheet detectors stop machine instantly, prevent errors

- Stations can be skipped at the flick of a lever without hindering the full production rate
- Loads in a minute...each station takes approximately 1/2 ream of 3"x5" to 11"x14" sheets in various weights and finishes
- Gives over-all speed, ease and accuracy features formerly available only in large-scale collators
- Automatically collates, counts, criss-crosses or staples 6,000 sheets per hour



### **Thomas Collators Inc.**

World's Leading Manufacturer of Collating Equipment

Dept. D3, 100 Church Street, New York 7, New York

(Circle number 170 for more information)



■ HERE IS A LOW-COST, highly effective approach to office cost control—an approach that is tested and proven. It works even if you have no more than five people doing repeat work in your office.

The book is written by the president of one of the world's most highly respected management consulting firms, H. B. Maynard, and two of his associates in the H. B. Maynard and Co.

The Maynard approach to office cost control and reduction is based on a set of standard time values covering 95% of all office tasks—priceless data developed during years of painstaking work.

These time values, called Universal Office Controls, are published for the first time as part of *Practical Control of Office Costs*.

Equally important, the book spells out—in clearcut, step-by-step, easy to understand language—how to apply these controls with full employee cooperation. It tells how to break down the barriers that have caused today's tremendous differential between office and factory output.

Just buying this book will *not* solve all your problems of office cost reduction. But if you apply with properly qualified personnel the program set forth in this book, you can definitely expect office performance to go up to as much as 80 to 100%. And the program itself costs no more than 1% of total office costs.

*Practical Control of Office Costs* helps you answer key questions like these:

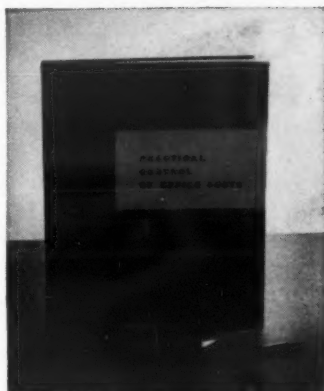
How many people do we really need? When is overtime justified? Which new equipment can pay for itself? How long should it take to type a letter... find a folder... make a phone call... total a column of figures?

*Practical Control of Office Costs* has been called one of the biggest contributions to management in the last decade. It contains 10 idea-packed chapters, 36 tables of standard time values in seven major categories of office work, 11 standard allowances for miscellaneous work, plus six helpful forms.

# YOU CAN SLASH OFFICE COSTS 20 to 30% in a few months

*That's the promise in an important new book by three experienced authors*

## PRACTICAL CONTROL OF OFFICE COSTS



by H. B. Maynard,  
William M. Aiken  
and J. F. Lewis

### The book's table of contents:

**Immediate results you can expect with practical office controls**—"It is not unreasonable to expect cost reductions of 20 to 30% within a few months, with further savings in the following years."

**Facts about the Universal Office Controls and how they were developed**—"All manual work can be analyzed in terms of basic motions. Universal Office Controls are built on this fact and therefore are *universal* in their application."

**Eight ways to use Universal Office Controls**—You can get *factual* answers to questions like: Who are our best workers?... Should we mechanize our office work?... How much does each report cost?... Should we use temporary help.

**How to apply Universal Office Controls**—Here are the steps to take to control costs with Universal Office Controls. Sample forms are given, plus a caution on how to avoid human relations problems.

**Ten questions that test the efficiency of your office**—Symptoms of poor efficiency will stand out when you observe the office in the light of these questions. Or you can use work sampling, which is described.

**How to organize definite tasks for the office force**—Here is the easy, systematic way to assign definite tasks, using task lists and work distribution charts.

**How to establish effective methods in the office**—A review of the two chief techniques for testing and improving the efficiency level of your present office methods.

**How to set time standards for office tasks**—Here, in step-by-step form, is a case example of how to create sound time standards that can be easily attained by the average worker.

**How to install your program of Practical Office Control**—Based on experience in firms where this program has been profitably used, you get a plan of action to take, and pitfalls to avoid.

**Universal Office Controls standard data**—Here are the actual tables of working data, giving established time values for approximately 95% of the elements of office operations.

### YOU RISK NOTHING . . . PAY ONLY \$12.75 IF SATISFIED AFTER 10 DAYS

Management Publishing Corp., Room 10  
22 W. Putnam Ave., Greenwich, Conn.  
Please send me PRACTICAL CONTROL OF OFFICE COSTS for a FREE 10-DAY INSPECTION. I will either keep the book and you can bill me for \$12.75 as payment in full, or I will return it and be under absolutely no obligation.

Name \_\_\_\_\_

Title \_\_\_\_\_

Firm name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

Bill me ☐ Bill my company ☐

The expanded version of the data processing system ups the core storage from 20,000 positions to 40,000 or 60,000, together with punched card input and output.

Other innovations include both indirect addressing and direct division which cut processing time and programming steps.

Because the 1620 utilizes a variable word length system, it conserves magnetic core storage.

Able to make more than 100,000

calculations a minute, the basic system solves complex scientific and engineering problems. Now with these added refinements, the computer can handle production forecasting, payroll, inventory control, quality control and other related functions.

The basic 1620 paper tape system rents for \$1,600 a month and sells for \$74,500. With the largest core memory of 60,000 digits, the expanded system carries a monthly

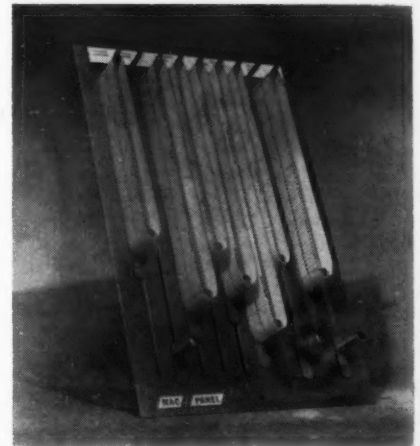
rental of \$3,275 and a purchase price of \$156,900.

For technical details on this solid state IBM 1623 computer, circle number 230 on the Reader Service Card.

#### DATA PROCESSING

##### New rack organizes paper tape storage

Just introduced by MAC Panel Co. is a Carriage tape rack for convenient, orderly storage of paper



Handy MAC Panel's Carriage tape rack prevents mutilation of paper tapes.

tapes used with IBM 402, 403, 407, 408, and 409 data processors.

The rack can be mounted on the wall or attached to the processing machine.

While stored, each tape is held under proper tension by vertical slides. The slides are easily adjusted to accommodate any length tape.

For complete details on this new paper tape accessory, circle number 205 on the Reader Service Card.

##### Color code cards and tapes for quick processing

Same color punched cards and tapes take extra time to identify and sort and route for different procedures.

To eliminate delays in handling, Friden, Inc. suggests the use of color coded cards and tapes.

With application or destination flagged by a specific color, cards and tapes can be identified at a glance.

For a sample book of the six card and tape colors available from Friden, circle number 229 on the Reader Service Card.



### De Luxe Auxiliary Seating

Never before such luxury in a Folding Arm Chair. A masterpiece in steel with upholstered seat, back and arms . . . the finest of its kind ever created.

Embodies all of those sterling qualities that distinguish the Clarin line — plus — the unique feature of arms that fold with the rest of the chair into a compact 3 inches. Learn how CLARIN can fill YOUR particular seating requirements. WRITE Dept. 47AC TODAY.

FOLDS

FLAT!

# CLARIN

EST. 1925

folds  
compactly  
for minimum  
storage space.



#### GUARANTEED FOR TEN YEARS!

CLARIN Mfg. Co., 4640 W. Harrison, Chicago 44, Ill.  
SEE US AT THE NSOE SHOW IN BOOTH 306-307

(Circle number 114 for more information)

# New Heyer Conqueror Paper Folder... lets you do two things at once!

Don't confuse this with any folding machine you've ever seen, because this one is different... it runs itself! At the touch of a lever, the new Heyer Conqueror Paper Folder *automatically* feeds, folds, counts and stacks 110 sheets a minute and stops when the last sheet is fed.

You can leave this fine production machine unattended while it automatically folds printed pieces as they come from your duplicator or offset press! This means getting your mailings out immediately, without the costly, time-consuming operation of hand-folding.

Now you can fold letters, invoices, statements, *even multiples of 6 or 8 sheets stapled together*, quickly, effortlessly on the new Heyer Conqueror Folder.

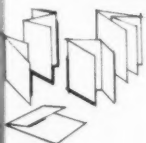
No question about it... this machine will quickly pay for itself!

Ask for information about a ONE WEEK FREE TRIAL of the new Conqueror Paper Folder—no obligation. A hand-operated model is available for shorter, occasional runs. And, most interesting of all, prices of Conqueror Folders are much lower than you'd expect.

STYLED BY REINECKE & ASSOCIATES



THIS FOLDING MACHINE IS DIFFERENT—THIS ONE RUNS ITSELF!



**Makes all standard folds...**

invoices, statements, advertising literature, even stapled sheets.



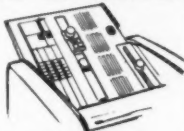
**Turn a dial...**

for non-skip feeding of thin, medium, coarse, glossy or heavy papers, 3 x 5" to 9 x 17" in size.



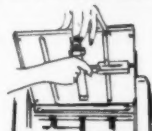
**Adjustable feed wheels...**

contact paper at outer edges—do not smudge printed area.



**Two quick-set fold controls...**

at top of machine, adjacent to permanent instructions and fold diagrams.



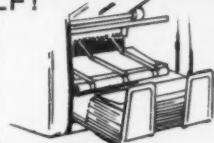
**First fold plate instantly removable**

for fast clearance of paper jams, should they occur.



**Counts as it folds...**

highly visible re-set counter shows accurately how many sheets have been folded.



**Belt delivery to a perfect stack...**

conveyor belt deposits folded sheets in neat stack in adjustable receiver. Turns off automatically when last sheet is fed.

**Heyer**

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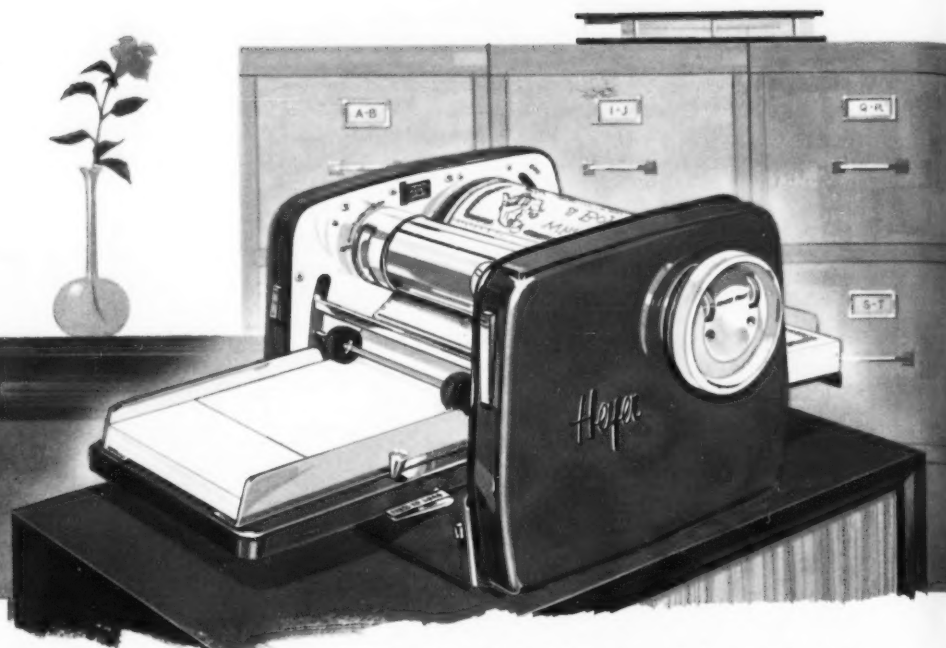
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*prints  
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copies quickly...  
automatically*

Here's spirit duplicating at its easiest and best! At the touch of a lever, the electric Heyer Conqueror Spirit Duplicator feeds, prints and counts 330 copies in 3 minutes—and shuts off automatically when the last sheet is fed.

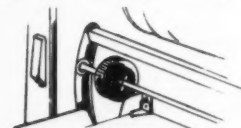
Everything is done automatically, leaving you free to do other work at the same time. Write, type, rule or draw on a master. Use as many as 5 colors. Conqueror Duplicators will print them in perfect register in a single operation. New Sheet Separator

Feed, with Adjustable Feed Wheels and Feed Tension Control, assures positive, nonskip feeding of thin papers to cards—even newsprint—from 3 x 5" to 9 x 15" in size.

Here's a machine that quickly pays for itself!

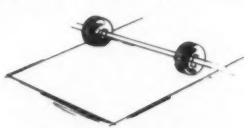
For those whose needs are occasional, a hand-operated model is also available. And, most interesting of all, prices of Heyer Conqueror Duplicators are much lower than you'd expect.

### ALL HEYER CONQUEROR SPIRIT DUPLICATORS OFFER THESE UNEQUALLED FEATURES!



#### Sheet separator feed

Vastly improved Sheet Separator. Fingers eliminate side retainers and tricky adjustments.



#### Adjustable feed wheels

Contact paper at outer edges for positive forwarding one sheet at a time.



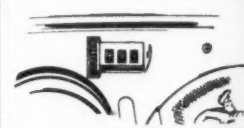
#### Feed tension control

Assures non-skip feeding, lightweight papers to cards—even newsprint.



#### Unique feed drive

Nationally honored for engineering excellence, smooth forward motion.



#### Counts as it prints

Shows exact number of copies printed... quickly re-sets to zero.

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- ☐ Please send my FREE Personalized Memo Pad and information about a ONE WEEK FREE TRIAL of a Conqueror Spirit Duplicator.

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1850 South Kostner Avenue, Chicago 23, Illinois

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HEY13579



Setting the plane on auto-pilot gives the flying executive a chance to relax, check his maps, do some quick reading or check ahead for weather conditions. Auto-pilots come as an "extra" on nearly every type of business aircraft.

plane in after two years, so it was depreciated over two years (\$8,000 per year). The income tax saving on depreciation was 30% of \$8,000, or \$2,400. This brought the *real* purchase cost down to \$14,400 (\$16,800 minus \$2,400).

At the end of one year, the resale value of the plane was \$12,500. There is a capital gains tax applicable in the event of a resale. It is 25% of the difference between the resale value and the depreciated value. In this case, it would be 25% of \$4,500 (difference between \$12,500 and \$8,000), or \$1,125. This is a cost, and must be added to the *real* purchase cost of the plane (\$14,400), that brings the cost back up to \$15,525.

Of course, the company can count the \$12,500 as an asset. That means, on paper at least, the plane cost the company \$3,025 to own for one year (cost of \$15,525 minus resale value of \$12,500).

There were other fixed costs.

Hangar rental was \$300 per year. Insurance cost \$1,167. There were miscellaneous expenses of \$20, bringing the total to \$1,487. There was a tax saving on this figure, too (30%), which came to \$440. That, in turn, brings the total of \$1,487 down to \$1,047.

Total cost for oil, gasoline, maintenance and tiedown, and landing fees for the year was \$1,650. The same 30% tax deduction was allowed. That amounted to \$495 (30% of \$1,650). So the *real* operating cost was \$1,155 (\$1,650 minus \$495).

Add the operating costs (\$1,155) and the fixed costs (\$1,047) to the "ownership" cost (\$3,025), and you get \$5,227—White's estimated cost of owning and operating the plane for one year.

Here's one example Vice President White uses to illustrate how his company uses the plane. "Recently, the chief engineer, the plant superintendent and I flew down to

Atlanta from Elkhart on a trouble shooting job. With three key men away from the plant at the same time, it was important to get at least one of them back quickly. With our Cessna, this was a cinch. The man didn't have to waste time waiting for a scheduled plane."

Most major aircraft manufacturers have some sort of mathematical formula to show how much money you actually save by using a company plane rather than other methods of transportation. Two such examples are Aero Design & Engineering Co.'s Time Travel Analysis and Cessna's Value Per Mile formula. (On request, these companies will tell you how you can adapt this formula to your company's specific situation.)

Nearly every aircraft company has leasing plans, too. The advantage of leasing a plane is that you need very little capital to begin a flying operation.

You can also rent planes by the

## Summary of a free report on The Surprising Opportunities In a Little Understood Market

*This unusual new report on advertising methods shows how a handful of firms who sell school products are totally blanketing their market*

**D**rawing from a mass of "first-time" research studies, this report gives you such useful new data as this:

94% of all public school enrollment is concentrated into only 12,000 of the approximately 44,000 districts which operate schools. The other 32,000 districts cover only 6% of pupil enrollment! *Consider the true cost of any sales effort that does not take into account this astonishing concentration of the market.*

Moreover, with this report, you can measure the degree of buying influence held by each of the major buying groups in the school market. *There have been serious shifts in these groups during the past months. With this report, you can select precisely the groups to which you should now direct your sales efforts.*

To help us identify advertiser interest in the school market, you may have a copy of this interesting new report—without cost or obligation. We will mail you a copy if you simply write on your company letterhead, asking for report M. Write to Research Director, School Management, 22 West Putnam Avenue, Greenwich, Connecticut.

### SCHOOL MANAGEMENT

22 West Putnam Avenue, Greenwich, Connecticut

Publications of  
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School Management  
School Construction Services



hour. There are some disadvantages to this arrangement, however.

Here's one, from a man whose firm now owns a plane. "In our area, it costs \$25 an hour to rent a small plane. However, the rental planes aren't as well equipped and they often can't be rented at the time they are needed. Also, they can't be kept away from the area for extended periods of time without a minimum flight time guarantee."

"Every cost must be taken into consideration before a firm buys a plane," says aviation expert C. Glen Williamson. "Varied accounting practices, to say nothing about esoteric terminology, make it difficult to say anything concrete about what a plane will cost one specific company. But it is safe to assume that the minimum any firm will have to shell out is rarely under \$15,000 per year. That's for the very smallest operations. The upper ranges are almost astronomical for multi-engine operations. Consider that the *real* operating costs of just one large plane flown 900 hours a year can be over \$400,000. In any event, it makes sound management

sense to pre-examine all costs, purchase price plus operating costs, before starting a flying operation."

Several aircraft manufacturers take objection to Williamson's figure of \$15,000 minimum operating costs. Cessna, for instance, points out that the operating costs for a Cessna 150, based on national averages for 600 hours of operation, can be as low as \$4,000 annually. Other manufacturers quote minimum operating figures anywhere from \$6,000 to \$9,000 for single engine aircraft. And there's the previously mentioned example of the White Manufacturing Co.

A final note: it is expensive to own and operate a plane. But the thing to consider is this: will it cost you *less* (or save you more) to travel by company plane than by any other transportation method? If you have sound reasons for owning a company plane, chances are the costs will soon fall into line.

#### How to manage a plane

■ You can determine your need for a plane accurately. You can select exactly the plane you need. In some cases, you can determine

costs almost to the exact dollar.

But unless you take the right management actions the whole flying operation is likely to backfire.

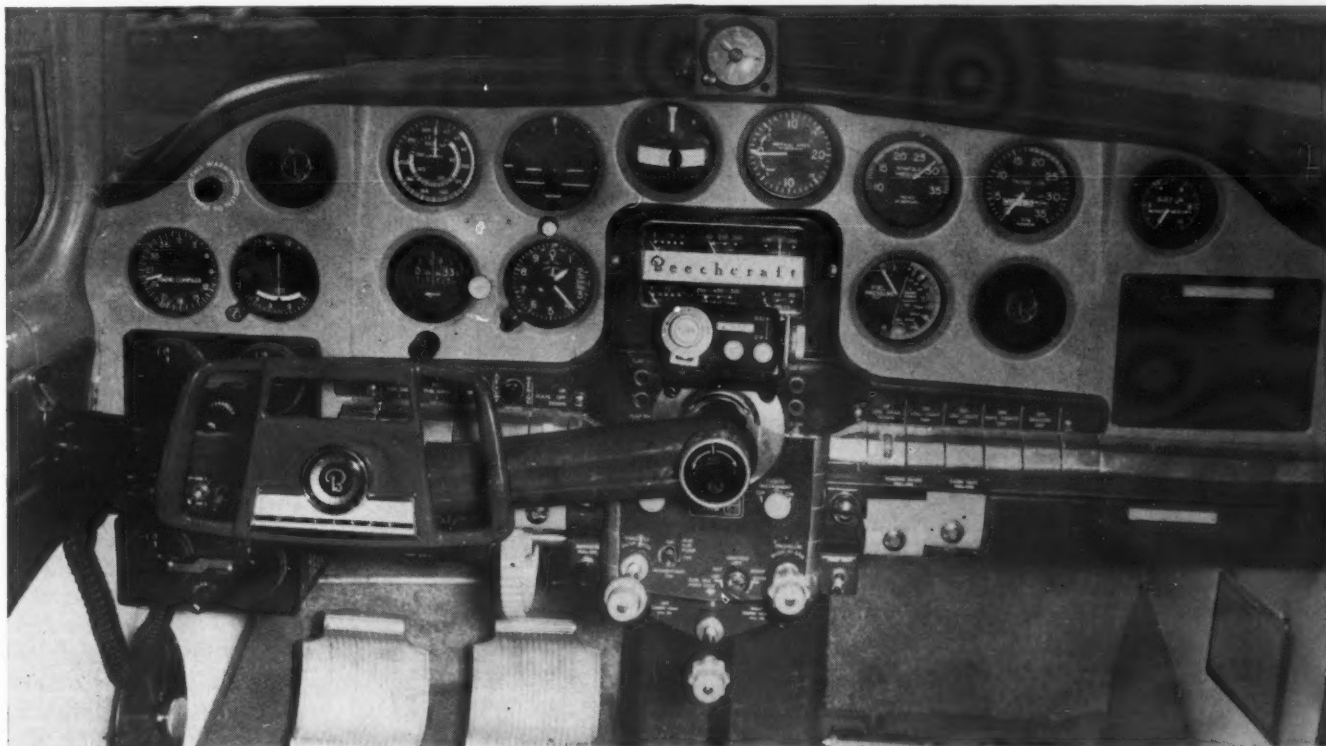
"Failure to set up sound policies and procedures right at the beginning will probably lead to expensive misuse of the aircraft. It can cause such dissatisfaction that a company may stop its operation and dispose of its aircraft without ever having detected the good that can be derived from a properly organized flying program," says C. Glen Williamson.

What, then, are the right actions to take?

■ Set up a "purpose priority" for the use of the aircraft. It's assumed you bought the plane for a definite purpose. Make sure it is used for that purpose, and nothing else. No company permits its computing machines to be used for figuring out horse racing odds. Similarly, don't let the plane become a "toy." If a plane was purchased so that salesmen could cover a larger area faster, don't let an executive who wants to visit his hunting lodge "bump" the salesman off the plane.

Conversely, if a 10-seat plane

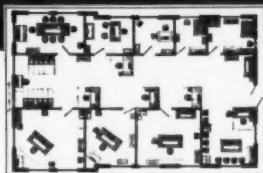
The instrument panel on this Beechcraft business plane is very simple to read, and is hardly more complicated than the dashboard of a car. It takes only a few minutes' instruction for anyone to become familiar with it.



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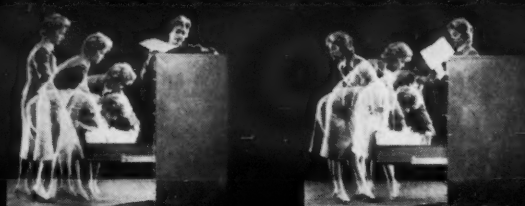
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(Circle number 168 for more information)

was purchased so that top management could use it frequently to travel to distant plants, don't let one salesman take it for that "quick trip" 300 miles away.

Set up a policy, and stick to it.

■ **Determine a schedule for the aircraft.** You know who is going to use the plane. Find out how often it is to be used, and where it is going. See if you can consolidate trips. It's a waste of money for one salesman to be flown to one city, then have the pilot bring the plane back, pick up another man and fly him somewhere else. Used inefficiently, a plane will burn a hole right through your budget.

■ **Keep an accurate record of costs.** That way, you'll know if the operation is conforming to the estimate you forecast. If costs are climbing, find out why. Don't let them pile up for a year, then gasp when you find out what they total. Corrective action, taken early, can save you money.

### Do you need a pilot?

■ Not every company needs, or can afford, a pilot. Some executives prefer to fly themselves. When they follow safety rules strictly, this arrangement usually works perfectly.

But a pilot can definitely help. With his knowledge, he can advise you on proper maintenance and economy procedures. Most important, he can tell you when the weather is suitable for flying, *and when it is not.*

This is a very definite area of management responsibility. If you have a pilot, make sure his advice is sought, *and followed.* A pilot's knowledge and skill are valuable only insofar as management respects his professional judgment and uses it adequately.

One company president, a pilot of three years experience, reported that he always consulted the firm's professional pilot before he took off. But he gave incidents in which he has ignored the professional's advice and gotten away with it—so far.

This is a typically bad case, but the danger of overruling pilots comes more often from executive passengers than from executive pilots. Some executives will ask the pilot to push through bad weather when they know an important meeting waits at the destination.

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OCTO





Several different makes of business planes have seats which convert into beds. Passengers have a chance to catch a quick nap while flying to an appointment.

That's why this should be a basic rule: no one, not even the company president, can countermand a decision of the professional pilot, particularly while the aircraft is in motion.

Actually, the question of whether a company should employ a professional pilot is a policy matter that affects safety, efficiency, and optimum utilization. Of course, the alternative to hiring a pilot is to have executives who are part-time pilots. Though many executives are fine pilots and extremely safe fliers, the experts voice several objections when executives fly business aircraft. Here's why.

Even the most avid part-time pilots seldom have the time to keep themselves fully proficient. Merely keeping up with airways procedures is time consuming. However, keeping flying skills and reactions at peak level is even more difficult for the average businessman pilot. The professional pilot reacts instinctively and almost instantly to a sudden emergency. He does not waste what might be vital seconds reasoning before he acts. And his decisions are not clouded by thoughts of piled up work at the office, thoughts which might make a businessman pilot push his luck too far.

But many companies cannot af-

ford a full-time pilot. Others don't want one. In fact, here are figures developed from a recent Cessna survey which covered the 3,459 Cessna aircraft sold between March 1959 and June 1960.

- 2,548 buyers intended to fly their own planes.

- 582 planned to learn to fly their own planes.

- 329 reported they would hire a professional pilot.

In other words, 90.5% of these aircraft buyers planned to fly their own planes. Only 9.5% planned to use a pilot. Even 60% of the buyers of Cessna's largest aircraft, the twin engine 310D, planned to fly it themselves. Only 40% intended to hire professional pilots.

The fact is that business aircraft are designed and built to be easy to fly. That is one of their chief advantages to flying executives.

But this fact remains: when executives fly themselves, it is vital that management set up strict safety policies, and see that these policies are obeyed.

#### What about insurance?

- There's one problem that many executives with large insurance policies face: the policy may not pay off in the event of death on a nonscheduled flight.

To find out whether executives

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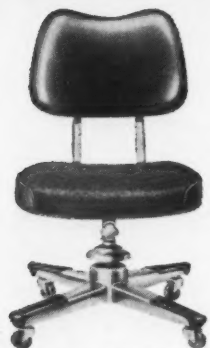
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could fly in business planes and still be covered by their present policies, MANAGEMENT METHODS editors went to the Insurance Co. of North America, one firm which issues flight insurance. Here's what one official reported:

"We can always provide the necessary extension to cover an executive if he flies in a company plane. It can be done two ways. Either a rider is written into his present policy, for which he pays an additional premium, or we cover him with an additional separate policy. Whichever method we use depends on the form of his present policy."

Where can firms with business aircraft buy insurance to cover individuals who fly in these nonscheduled planes? The New York Institute of Life Insurance reports that about 63% of the insurance companies will issue policies to passengers in nonscheduled aircraft at standard rates. Normally, company group insurance also covers employees riding in a business plane, if they are non-pilots. Sometimes, such blanket policies cover the pilot as well. Five general life insurance agents reported that usually, if a businessman-pilot has 400 hours of experience and flies less than 100 to 115 hours annually, there would normally be no rate increase in his policy.

Whenever a company flies its own planes, it's mandatory that the company take out insurance. Usually this insurance is issued on a per-seat basis. In other words, the insurance company writes limits of insurance applicable to each seat

in the aircraft. The occupant is automatically covered whether he be employee, crew member or guest. The Insurance Co. of North America sets the limit of insurance per seat at \$100,000, although the limit for smaller aircraft may be reduced to \$50,000 per seat.

How much insurance can one executive buy to cover himself for nonscheduled flying? One insurance firm sets the maximum coverage at \$150,000, and this appears to be typical throughout the insurance industry.

How much does insurance cost? Premiums for individual insurance policies can run as high as \$1.75 per thousand. Rate levels for this broad coverage are somewhat "loaded" because the insurance company has no guarantee that executive pilots will follow strict safety procedures, and because business flying is so frequent. There's an interesting sidelight here.

Some firms, which pay only lip service to stringent safety measures, are responsible for keeping business flying insurance rates higher than they need be. The flying safety record of many companies, on a passenger-mile basis, is better than that of the commercial airlines. But these companies have to pay extra premiums because of the few firms that ignore some of the policies essential to flight safety.

Part of business flying's good safety record is a result of government regulations concerning maintenance and overhaul matters, airway procedures and pilot rating. But as the managements of more

firms apply safety policies *at the top level*, business flying may earn the right to more favorable insurance rates.

Meanwhile, personal safety should be sufficient incentive for proper action in this area.

### Summary

- The point is this: there is no longer any question about the real value of business flying.

- Business aircraft can give a company a great competitive edge.

- Company-owned planes are an invaluable aid in market expansion.

- Planes add a new dimension to service operations.

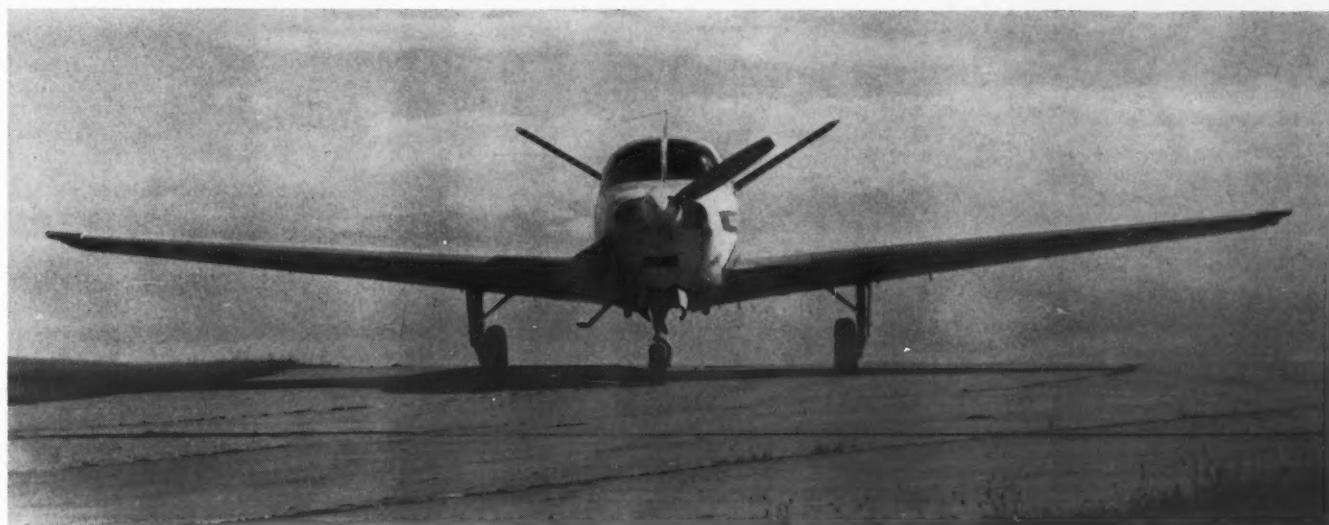
- Aircraft greatly enhance the company image and prestige.

- They save great hunks of time for key personnel, increasing the on-the-job efficiency of highly paid executives.

But, the value received by a particular company will always be low as long as management considers business flying to be more of a luxury and convenience than a truly profitable operation deserving top management attention.

There's more to buying a plane than picking the one with the sleekest lines or the one whose interior most resembles a cocktail lounge.

There are strict management principles that must be applied to the purchase of a plane, similar to the ones that are applied to the purchase of any major—and expensive—asset. And there are actions management must take to make flying a profitable activity, not a "keeping up with the Jones" lark. ■







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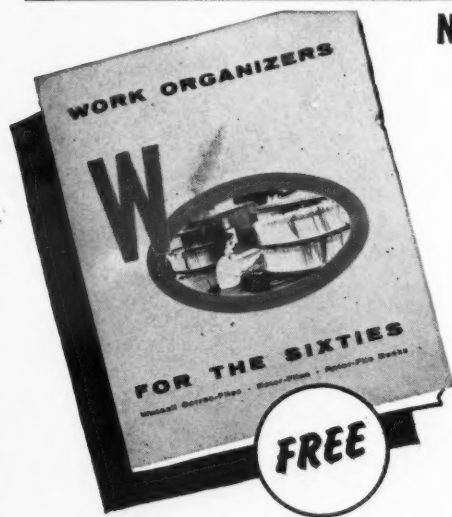
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"In manufacturing industries, the rate of growth of non-production workers since 1947 has been about 15 times that of production workers."

"There are twice as many office workers today as in 1940; 100,000 more than a year ago."

—National Machine Accountants Association, January 1960

—Office Equipment Manufacturers Institute, September 1959



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### Plant site

continued from page 59

what the tax burden will be is a difficult, yet essential, factor in plant location decisions.

Consider, for example, "nuisance" taxes. One company treasurer has reported that by moving from one state to another, their workmen's compensation insurance rate had increased \$2.47 for each \$100 they were paying to employees as wages.

Another area of "surprise" costs is state unemployment insurance rates, which can range from nothing to all the way up to as much as 2.7% of company's total payroll.

And minimum or non-existent corporate income taxes can be foolers, for personal property taxes, assessments on machinery, inventory, and goods in process can easily exceed corporate income taxes.

Even local conditions must be investigated. Consider which of these two communities offers a better potential location: City A has a minimal tax on industry, but roads are in poor condition, police protection is poor, sewage disposal facilities are inadequate, schools are overcrowded, and so on; City B taxes industry more heavily but has kept municipal facilities in good shape. It's obvious that in exchange for a low tax rate in City A, you'll somehow have to provide for missing or rundown facilities yourself—or else pay for them soon through much higher taxes. Cities A and B are extreme and fictitious cases, but there's at least an element of them in most of the decisions that are made as to where to locate a new plant or other type of building.

**11** You may find lower costs a lot nearer your own backyard than you'd think at first.

One of the more common, more compelling reasons for seeking a new home is a search for a more favorable labor climate, and, most often, this distills down to looking for equally or more skilled and reliable workers who can get your work done for you at a lower level of cost.





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OFFICIAL UNITED STATES NAVY PHOTOGRAPH

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If enough of us help, the S. S. Hope will be out-bound in 1960. A bold health project called Hope will be underway.

The need for Hope is crucial. In many nations, too many health hazards exist. And too few hands can help. Often, one doctor for 100,000.

Hope's approach is *practical*. Help a nation's doctors help themselves to health. By training, upgrade skills—multiply hands. Hope's doctors, dentists, nurses and technicians will man a center complete to 300-bed mobile unit, portable TV.

Help and you earn a priceless dividend. With health comes self respect. People at peace with themselves are less likely to war with others.

Hope is *yours* to give, a people-to-people project. For a year's worth, 3½ million Americans must give a dollar.

Don't wait to be asked.

Mail a dollar or more to HOPE, Box 9808, Washington 15, D. C.



**GIVE TO  
HELP LAUNCH HOPE**

Because of this approach, many of our southern states are experiencing an industrial renaissance. To many companies, the South is the place; besides labor, it has climate, raw materials, and a well-known receptive attitude toward incoming industry.

But in probably as many cases, more money can be saved by moving some place closer to the spot you are now.

Prevailing labor rates in many north-central, medium- and small-size cities—for instance, in Pennsylvania, Ohio, Indiana, Illinois and Iowa—are at least competitive with dominant rates for similar skills in the South. And these northern cities retain advantages of their own—for instance, in transportation availability, nearby supporting industries, and so on.

In brief, preconceived notions about regions don't apply in successful plant location. Instead, take the point of view that the world is your oyster. It's a sure way to avoid getting stuck.

# 12

Use local industrial development agencies wisely. There is no more willing or effective source for local information. But never forget that responsibility for the decision is yours, and therefore your independent research is often called for.

I don't know of any unscrupulous local industrial development agency, and I doubt that there are any. Still, the primary obligation of each is to its own community, and therefore, with reasonable salesmanship, their function is to accentuate the positive. But even the best of locations has some negatives. It is your job to find out what they are and just how important these negatives are to your company.

There are some 10,000 industrial development agencies in the United States, and you're going to make only a small number, maybe only one, happy. But each community you deal with will do its best to convince you it is ideal for your plant, so be sure before decisions are made that you have *full* information about that prospective new plant site. ■

"When an oil rig needs parts  
**'yesterday'**  
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A day lost can cost its customers up to \$10,000 so Hughes Tool Co. of Houston, Texas, relies on Delta to rush vital equipment to the field.

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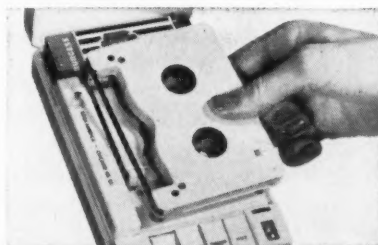
You can record anywhere—on the go—car—plane—train—hotel—home—office. You can record conferences—interviews—reports—speeches, etc.

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(Circle number 158 for more information)

## Rackets

continued from page 62

wanted. The *cognovit* note Larry had unwittingly signed meant that if he slipped just once in getting his payments in on time, he could be sued for the full amount due, plus the costs of the suit.

Under the legal terms of the *cognovit* note, getting a judgment against Larry was no problem. However, the judgment is just a preliminary to a garnishee—a court order forcing an employer to hold up all or part of an employee's pay. And a garnishee requires a hearing. Here's how the "manager" got around this.

Larry lived at 96514 Maple St. The notice of the garnishee hearing was sent not to 96514, but to 96541 Maple St. by registered letter. Larry

## Garnishees: the big bite



naturally didn't get the letter and wasn't at the hearing. He didn't hear the "manager" tell the judge that a notice of the garnishee proceeding had been sent to him by registered letter.

The judge was also told that Larry was unmarried, although he had a wife and four children. He was garnisheed as a single man, with his entire pay held up until the jeweler received \$300. (The law in Larry's state says that if a man is married, only 20% of the first \$200 of his monthly wages and 40% of his wages above \$200 can be garnisheed.)

Larry naturally hit the ceiling when, a few weeks later, he found his entire paycheck was held up. But legally, he was trapped.

Most garnishees average around \$40. When a man's pay is held up, he often wonders where the grocery money is coming from and settles



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Many executives today have lost personal and profitable contact with business because too much of their own valuable time and talent are consumed by office paper work. Reynolds and Reynolds representatives are experts at eliminating deadwood paper work, trimming and revitalizing existing forms to streamline office procedure, or economically designing and coordinating new forms into an efficient, integrated system. Hundreds of large and small companies have enlarged their business perspective by installing Reynolds & Reynolds custom-tailored payroll checks, voucher checks, purchase orders, invoices, inventory records, production records, letterheads, envelopes, customer statements, machine accounting forms, bills of lading, journals and ledgers—to mention a few!

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**BANKERS BOX COMPANY**  
Record Storage Specialists Since 1918  
2607 N. 25th Ave., Franklin Park, Ill.

(Circle number 104 for more information)

112

quickly. Gyps keep the amounts low enough so the victim will give in instead of making a fight.

#### How to be safe

Here's a checklist of tips worth passing along to your employees. Properly followed, they can save anyone from the swindler's squeeze.

1. Don't be fast-talked into signing "receipts" just outside the plant or office door. Read everything you sign; the joke about "small print" is no joke. Insist on a copy of what you've signed.

2. Avoid amazingly low "discount" or "wholesale" prices.

3. Before buying anything at the plant gate, ask to go to the store the salesman represents. Check its reputation.

4. Be wary of dealing with discounters not located in your town. If you get a raw deal, you can easily be stalled, if you're a safe distance away.

5. Don't be enchanted by the word "discount." Check prices of the same models in stores you know. They may be lower than the "bargains" offered elsewhere.

6. Beware of furniture or appliances with brand names you don't recognize. Make sure you're not buying outdated models represented as the latest, or damaged models or seconds represented as perfect.

7. Don't buy from a discounter unless you get a manufacturer's warranty.

8. Find out about "extra charges" (delivery or installation) and be sure they're set down in writing.

9. Avoid buying through a third party.

10. If you don't know much about the product you're buying (appliances, jewelry, furs, etc.), make sure you can rely on the integrity of the store you buy from.

11. If you get over your head in debt, seek legal advice. It is often possible to set up a trusteeship through the courts, under which your debts are lumped together and paid on an orderly basis that is best for you and your creditors. Don't be talked into an exorbitant loan and avoid loan operators.

12. When in doubt, check with your local Better Business Bureau. Its sole purpose is to protect you and everyone else in the community against fraud and chicanery. ■

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MANAGEMENT METHODS

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# WHICH OF THESE TOP ARTICLES DID YOU MISS?

Many MANAGEMENT METHODS articles—usually the best ones—are reprinted to fill special demand. Here is a list of available reprints. As long as supplies last, you may order copies—in any combination of quantities—at the rates listed at right.

## NUMBER

**14. What to do after a fire.** Any fire is costly. But you can minimize its effects before it starts and after it's out. Here are cost saving ideas to keep handy in case of fire.

**17. How to pack more power in your words.** One measure of your executive ability is how well you get your ideas across. Based on the experience of experts, here are eight guides you can use to get more meaning in your words.

**19. How to size up a man in 16 minutes.** You haven't got all day to interview job applicants. Here's a shortcut—a set of eight questions to ask that will give you a quick idea as to whether the man is right for your firm.

**22. Will work music really cut your labor costs?** Work music: cost cutter or frill? This article tells you the results work music can produce, how much it costs, where it works and where it doesn't.

**23. Why forecasts fail.** Forecasts often fail because decision-makers overlook their limitations. These examples will help you sharpen your decisions based on forecasts.

**27. How to rate an advertising agency.** Your present ad agency is probably best for your firm. Use this checklist to be sure—or to rate other agencies that may court your business.

**28. Stop wasting your time, Mr. Executive.** Many efficient managers are trapped into overtime because they waste time. Here's how to stop that costly waste and cut unnecessary hours on the job.

**29. How to design profits into your products with value analysis.** Value analysis, originally an engineering concept, brings big profits when used to improve product design. These cases show how the concept works.

**30. How to improve your selection of advertising media.** Good ads in the wrong media produce poor results. This article tells why so many ads are in the wrong places and what to do about it.

**31. How to make a merger.** At the stroke of a pen, you can achieve results through a merger that often take months or years to accomplish. But it's how you do it that counts. Here's how to avoid the pitfalls and make a merger profitable.

**32. How to get profits—not problems—from creative people.** Creative people can bring big profits—and big problems. Here's how to find the creative people in your company, overcome the problems they present and steer their creative drive.

**33. Selling to schools is highly profitable.** Here are facts on the buying practices and structure of the school market—a huge market that's growing fast.

**34. How to plan your business trip to Europe.** You can mix business with pleasure—profitably. Here are facts on how to get the most value at least cost out of a business trip to Europe.

**35. Air cargo is cheaper than you think—right now.** Air cargo's lowering rates mean faster and easier expansion of markets. This article tells you how you can

profit by using air cargo and when you cannot.

**37. How to cure those costly "I've got a cold" absences.** Many colds are not colds at all—they're simply excuses to stay home. Here's how to cure the so-called "sickness absences" that cut deeply into your company's profits.

**38. What does it cost when you lease an auto fleet?** Many firms are turning rapidly to providing leased cars for their salesmen—according to a major survey just completed. Here are the findings of the survey, together with other facts to support the case for auto leasing.

**39. How to handle the problem drinker.** Every firm has its share of problem drinkers—people who can cost a firm thousands of dollars in ways you might never realize. Firing is one attack to the problem, but these positive actions can help you salvage the man and his job.

**40. How to generate a business from just an idea.** Profits start with ideas—but imaginative management action is needed to turn ideas into profits. Read how one man with an idea for an improved product created a new multimillion dollar business in just nine years.

**43. Should your company make a movie?** Motion pictures produce profits as selling tools, training aids, or creators of vast public goodwill. This article tells when to make a film, what it costs, and how to get it to influential audiences.

**44. How to convert your ad inquiries into sales.** Valuable sales leads produced by advertising are wasted by most companies through mishandling. This article details a simple, low-cost inquiry handling procedure that will help you turn more ad inquiries into profitable sales.

**46. Eight ways to lose the right to manage.** Your right to manage can be destroyed—permanently—by simple mistakes. Here, you learn how to avoid falling into this trap. Cases pinpoint the areas where your right to manage is in jeopardy and show you how to hang onto the rights you have to keep.

**47. Sharpen management with data processing.** You make a mistake if you think

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of data processing as just a clerical time saver. Here's how to use it to sharpen executive decisions.

**48. What to do when a reporter calls.** Whether your firm gets good or bad press treatment depends largely on how you act toward the reporter. These 10 guides show how he wants to be treated.

**69. How to make a business prosper and grow.** Five top executives tell how to: make a business grow, stimulate imaginative action in subordinates, determine which jobs can and cannot be delegated.

**70. When to call a press conference.** There are many temptations to call trade and business editors together to show them something new. In this article, some editors tell you why your press conference may be a washout. You'll learn when and when not to call a press conference, and how to run one for best results.

**74. Four questions that test your management organization.** To answer these questions will take hard work, but you'll get a clear picture of your management strengths and weaknesses. And you'll come to grips with the chief elements of organization: goals, structure, staffing, and controls.

**75. How to judge a town by its planning.** Look to the future when you select a business site. Here, a noted urban planner tells how to predetermine how a plant site will look 20 years from now.

## AND IN THIS ISSUE

**88. Who makes the decision to buy in business.** Startling new facts—just uncovered by MANAGEMENT METHODS research—reveal top management's real role in buying. This report on the buying influence of top management could change your entire approach to your marketing problems.

**89. How to protect your employees from rackets and gyps.** Employees who get "sucked into" gyps and swindles may become company liabilities. This article tells about the commonest types of rackets, and how you can protect your employees against them. It's a key way to promote employee goodwill.

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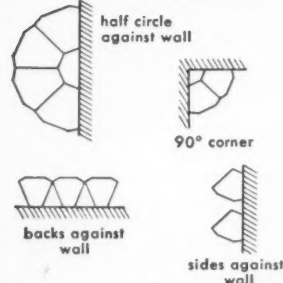
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